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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

MERRIAM-WEBSTER, INCORPORATED,

Petitioner,

v.

RANDOM HOUSE, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

ALAN MANSFIELD
Counsel of Record

LILE H. DEINARD
ALAN N. SUTIN
DAVID M. ELKINS
GREENBERG, TRAURIG, HOFFMAN, LIPOFF, ROSEN & QUENTEL
Citicorp Center
153 East 53rd Street
New York, New York 10022
(212) 801-9200
Counsel for Petitioner

WILLIAM J. BOWE
Of Counsel

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QUESTION PRESENTED

Whether a multimillion dollar jury verdict and permanent injunction reached after a four-week trial in a Lanham Act and trade dilution case should have been overturned because the Second Circuit, adhering to the minority view, applied a *de novo* standard of appellate review to the issue of likelihood of confusion?

RULE 29.1 LISTING

Petitioner, Merriam-Webster, Incorporated, is wholly owned by Encyclopedia Britannica, Incorporated. Petitioner has no subsidiaries.

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

Petitioner Merriam-Webster, Incorporated respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit.

OPINIONS BELOW

(a) The opinion of the court of appeals is reported at 35 F.3d 65 (2d Cir. 1994), and is set forth in Appendix A. (Appendix ("App.") at A1-A20.)

(b) The district court's opinion upholding the jury's verdict for Merriam-Webster, Incorporated and granting its motion for a permanent injunction is reported at 815 F. Supp. 691 (S.D.N.Y. 1993), and is set forth in Appendix B. (App. at A21-A47.)

(c) The district court's opinion requiring a new trial with respect to Merriam-Webster, Inc.'s right to Random House Incorporated's profits, which was certified to the Second Circuit pursuant to 28 U.S.C. § 1292(b), is set forth in Appendix C. (App. at A48-A53.)

JURISDICTION

On September 9, 1994, the court of appeals entered judgment which vacated the permanent injunction and ordered dismissal of the complaint. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY AND CONSTITUTIONAL PROVISIONS INVOLVED

The text of the Seventh Amendment, Section 43(a) of the Lanham Act, Federal Rules of Civil Procedure ("Rule") 52(a) and New York State's dilution statute are reproduced in Appendix D. (App. at A54-A56.)

STATEMENT OF THE CASE

Introduction

Following a four-week trial, a jury determined that publisher Random House, Inc.'s ("Random House's" or "Respondent's") trade dress for its new Webster's College Dictionary infringed and diluted the strong and distinctive trade dress of the best-selling Webster's Collegiate Dictionary published by Merriam-Webster, Incorporated ("Merriam-Webster" or "Petitioner"). The jury found the infringement was intentional and awarded Merriam-Webster more than $2.2 million in compensatory and punitive damages.[1] The district

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[1] The jury awarded Merriam-Webster an amount equal to its own lost profits plus the value of Random House's unjustly earned profits for a total Lanham Act award of $1,774,313. In addition, the jury awarded punitive damages of $500,000 based on common law trade dress infringement.

court thereafter doubled the jury's damage award pursuant to 15 U.S.C. § 1117(a). The jury and the district court also found that Random House diluted Merriam-Webster's trade dress and trademark, "Webster's Collegiate." Accordingly, the district court issued a permanent injunction prohibiting Random House from using a confusingly similar trade dress on the dust jacket of its new Webster's College Dictionary. (The Judgment incorporating the permanent injunction is set forth in Exhibit E. (App. at A57-A61)). On appeal, the Second Circuit vacated the permanent injunction, reversed the jury verdict and ordered the dismissal of Merriam-Webster's complaint. This petition for a writ of certiorari followed.

Prior Proceedings

Merriam-Webster first published its "Webster's Collegiate Dictionary" before the turn of the century. Joint Appendix filed with the Second Circuit ("JA") 71-73, 85-88. In 1983, Merriam-Webster commenced publication of the ninth edition of its famous reference work in a bright red cover which prominently featured the word "Webster's" across the length of the spine. JA 86-87. From its introduction, the ninth edition of Merriam-Webster's Webster's Collegiate Dictionary was the best-selling college dictionary in the United States. JA 80, 225-27, 281-82, 310-14.

Throughout the 1980s, Random House published the competing "Random House College Dictionary," which consistently ranked a distant fourth in a field of four competing college dictionaries. In 1990, Random House began implementing a plan to change the name of its dictionary from "Random House College Dictionary" to "Webster's College Dictionary." Exhibit Volume of Random House, Inc. filed with the Second Circuit 153. In connection with the name change, Random House adopted a new trade dress utilizing the same color scheme, distinctive use of "Webster's" on the spine and

numerous other elements used in the trade dress of Petitioner's Webster's Collegiate Dictionary.[2]

Upon learning of Random House's plans, Merriam-Webster initiated an action against Random House under 15 U.S.C. § 1121, 28 U.S.C. § 1338 and principles of pendent jurisdiction in the United States District Court for the Southern District of New York. The complaint alleged federal causes of action for trademark infringement, unfair competition and false designation, as well as New York State law claims for trademark infringement, unfair competition and trade dilution. During the four-week jury trial, the parties presented testimony from dozens of witnesses, and introduced hundreds of exhibits as well as demonstrative evidence. The competing dictionaries were prominently displayed to the jury, and were received in the jury room during deliberations. In answers to nineteen special interrogatories (Appendix G at A66-A74) the jury found, *inter alia*, that Merriam-Webster has a valid common law trademark in the words, "Webster's Collegiate"; that Random House's trade dress infringed Merriam-Webster's strong and distinctive trade dress; that such infringement by Random House was intentional; that Random House's dictionary diluted the distinctiveness of both Merriam-Webster's trade dress and trademark; and that Random House acted "maliciously, or in wanton disregard of [Merriam-Webster's] rights." The jury awarded compensatory and punitive damages and the court entered a permanent injunction order. (App. at A23-A25.)

Random House moved for judgment as a matter of law under Rule 50 or, alternatively, for a new trial. The district court

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[2] Appendix F contains several depictions of the competing dresses. Merriam-Webster's trade dress appears at A62. Random House's trade dress appears at A63. Trial exhibit P 513C2 shows the spines as they appear on bookstore shelves (A64), and trial exhibit P 28 shows a pre-publication advertisement used by Random House to market its dictionary (A65).

denied Random House's motions, stating that Merriam-Webster presented sufficient evidence to support the jury's verdict and its answers to interrogatories. In addition, the trial judge expressed his independent opinion that he did "not disagree with the jury's verdict," that he did "not adopt [Random House's] one sided view of the evidence adduced at trial" and that "[s]ufficient evidence was presented by [Merriam-Webster] such that a number of the *Polaroid* [*Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961)] factors clearly tip in [Merriam-Webster's] favor, thereby satisfying the likelihood of confusion standard necessary to sustain a trade dress infringement case."[3]

Random House appealed from the order of a permanent injunction. It did not seek review of any aspect of the jury's verdict, nor did it object to any of the jury instructions. The Second Circuit vacated the injunction because it found no likelihood of confusion exists between the dust jackets of the competing dictionaries. In addition, the Second Circuit reversed the district court's findings that Random House's dictionary diluted Merriam-Webster's trade dress and that Random House's use of the words, "Webster's College," diluted

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[3] The district court vacated the part of the jury award consisting of Random House's profits and ordered a new trial on this issue on the ground that the jury charge relating to defendant's profits was inadequate in light of the intervening Second Circuit opinion *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532 (2d Cir.), *cert. denied*, 113 S. Ct. 510 (1992). No other part of the jury verdict was affected. Merriam-Webster moved for reconsideration of the district court's decision requiring a new trial, arguing that its right to an accounting of Random House's profits was an equitable issue for the court and that the court could make the ruling based on the evidence introduced at trial such that a new jury trial was unnecessary. In an unpublished memorandum and order dated June 10, 1993, the district court certified this question to the Second Circuit pursuant to 28 U.S.C. § 1292(b). (App. at A48-A53.) The Second Circuit's opinion vacating the injunction and the jury verdict mooted this certification.

Merriam-Webster's unregistered trademark, "Webster's Collegiate." Moreover, notwithstanding the fact that Random House had appealed only from the interlocutory injunction order, based on its independent review of the evidence, the Second Circuit *sua sponte* vacated the jury's award of compensatory and punitive damages, and directed dismissal of the complaint.[4]

In concluding that, as a matter of law, there was no likelihood of confusion, the Second Circuit explained that likelihood of confusion is determined by applying the factors set forth in Judge Friendly's oft-cited *Polaroid* opinion. The Second Circuit then listed the *Polaroid* factors used to determine whether "'the similarity between the trade dresses will contribute to consumer confusion as to the origin of the product.'"[5] The Second Circuit also stated that it reviews findings regarding likelihood of confusion *de novo* as a mixed question of law and fact.[6]

The Second Circuit accepted the findings that Merriam-Webster's trade dress was strong and distinctive and that the dictionaries were in close proximity, two *Polaroid* factors that

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[4] The Second Circuit noted only its appellate jurisdiction over the grant of the permanent injunction pursuant to 28 U.S.C. § 1292(a)(1). (App. at A9.)

[5] The factors are the strength of the prior owner's mark, the degree of similarity between the marks, the proximity of the products, the likelihood that the prior owner will bridge the gap between the products, actual confusion caused by the allegedly infringing mark, defendant's bad faith in adopting its mark, the quality of defendant's product and the sophistication of the buyers of the two products. *Polaroid*, 287 F.2d at 495.

[6] Although the opinion below was silent on the subject, the Second Circuit generally reviews findings regarding each of the *Polaroid* factors under the clearly erroneous standard required by Rule 52(a). *See, e.g., Paddington Corp. v. Attiki Importers & Distrib.*, 996 F.2d 577, 584-85 (2d Cir. 1993). As discussed *infra*, the Second Circuit in this case reviewed most of the *Polaroid* findings *de novo*, in contravention of its own well-established rule.

favored Merriam-Webster.[7] Next, by conducting a side-by-side comparison of the trade dresses, the Second Circuit concluded that there were only limited similarities between the trade dresses. Moreover, the panel concluded that Merriam-Webster failed to demonstrate that Random House's trade dress caused any actual consumer confusion and that the sophistication of the relevant consumer group weighed against a finding of likelihood of confusion. Finally, the Second Circuit ruled that the findings regarding Random House's bad faith in designing its dust jacket did not warrant discussion because the evidence could not be sufficient to tip the balance in Merriam-Webster's favor. Based on its *de novo* findings under *Polaroid*, the panel rejected the district court's and the jury's starkly contrary findings and concluded that, as a matter of law, there was no likelihood of confusion.

The Second Circuit also reversed the jury's findings that Random House's trade dress diluted Merriam-Webster's trade dress in general, and in particular diluted its unregistered mark, "Webster's Collegiate." The Second Circuit first explained that Merriam-Webster did not need to show likelihood of confusion on this claim but rather only likelihood of dilution, as well as secondary meaning or a distinctive trade dress. Accepting the jury's finding regarding secondary meaning as supported by the record, the Second Circuit next outlined some of the factors used to determine likelihood of dilution. Summarily reviewing each of the factors *de novo*, the Second Circuit determined that no likelihood of dilution existed. Similarly, the Second Circuit rejected the jury's award of punitive damages on

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[7] With regard to the first element of a trade dress claim, the Second Circuit had "no difficulty concluding that the jury's findings that Merriam-Webster's trade dress was distinctive and had acquired secondary meaning were supported by the record." This appropriately deferential standard of review contrasts sharply with the Second Circuit's failure to comply with its stated standard of review for the factual elements of likelihood of confusion.

Merriam-Webster's State law claims which was predicated on the jury's finding that Random House's infringement was "malicious[] or in wanton disregard" of Merriam-Webster's rights. On this basis, the Second Circuit vacated the injunction and ordered dismissal of the complaint.

REASONS FOR GRANTING THE PETITION

I. A Significant Split Exists In The Circuits With Respect To The Appropriate Standard Of Review In Lanham Act Cases. This Case Presents A Compelling Opportunity For The Court To Create A Uniform Standard Which Would Provide That The Recurring Issue Of Likelihood Of Confusion Be Reviewed As A Factual Matter.

"The federal courts . . . are in hopeless disagreement on whether likelihood of confusion is a question of fact or law for purposes of appeal."[8] Louis Altman, 3A *Callmann On Unfair Competition, Trademarks and Monopolies*, § 20.64 (4th ed. 1994) ("Altman, *Callmann On Unfair Competition*"). Although the majority of the circuit courts review a district court's finding of likelihood of confusion in a trademark or trade dress case under the clearly erroneous standard of review mandated by Rule 52(a), the United States Courts of Appeal for the Second, Sixth and Federal Circuits review this issue *de novo*. "[T]he test

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[8] In fact, with reference to this split in the circuit courts, Altman noted earlier this year:

> What's going on here? It's time for the Supreme Court to straighten out the mess. There is ample conflict between the circuits to justify certiorari, and ample opportunity to grant it, since this issue recurs constantly. Litigants are entitled to know what the law is, and the lack of certainty even within a circuit is unacceptable.

Altman, 3A *Callmann On Unfair Competition*, § 20.64 (Spring 1994 Cumulative Supplement).

of likelihood of confusion is the touchstone of trademark infringement and unfair competition." 2 J. Thomas McCarthy, *McCarthy On Trademarks And Unfair Competition*, § 23.01[2], at 23-8 (3d ed. 1992) ("McCarthy, *Trademarks And Unfair Competition*"). Because this discrete issue pervades nearly every trademark and unfair competition case, and because the appellate standard of review of this issue is frequently, as here, outcome determinative,[9] the Court should take this opportunity to resolve this split in the circuits.

Divergent appellate standards undermine the purpose of the Lanham Act which was to create one uniform trademark law. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S 844, 861 n.2 (1982) (Justice White concurring) ("the purpose of the Lanham Act was to codify and unify the common law of unfair competition and trademark protection"); Patricia J. Kaeding, Comment, *Clearly Erroneous Review Of Mixed Questions Of Law And Fact*, 59 U. Chi. L. Rev. 1291, 1301 (1992) ("Kaeding, *Clearly Erroneous Review Of Mixed Questions*"). While in the past, the Supreme Court has chosen not to review the inter-circuit conflict, it is particularly ripe for resolution now because instructive Supreme Court cases and

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[9] *See* Jacqueline Pasquarella, *Trademark Law--Confusion Over The Likelihood of Confusion?*, 38 Vill. L. Rev. 1317, 1335 (1993) (results on appeal of a trademark case can vary dramatically depending on the standard of review applied); *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980) (Eighth Circuit, employing clearly erroneous standard, noted that it might have reached a different conclusion had it made the decision itself); *John J. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983) (although court would not necessarily have found a likelihood of confusion on these facts itself, it held that there was substantial evidence to support the jury's finding); *cf. Conagra, Inc. v. George A. Hormel, & Co.*, 990 F.2d 368, 371 (8th Cir. 1993) ("[W]e conclude the district court's finding that there is no likelihood of confusion is not clearly erroneous. Indeed, we would reach the same result if we reviewed the likelihood of confusion de novo.").

well reasoned commentaries suggest that the clearly erroneous test is the appropriate standard of appellate review. *See generally* Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. 1291. Moreover, the circuits' opinions indicate that they are unable to resolve the split without guidance from the Court.

Each court of appeals agrees that the resolution of the various elements relevant to the likelihood of confusion issue entails factual inquiries for the finder of fact that should not be set aside unless clearly erroneous. The split occurs, however, because, while ten of the circuit courts conclude that the combination of these "subsidiary" facts into the crucial determination of likelihood of confusion is governed on appeal by the clearly erroneous standard (the "Majority View"), the Second, Sixth and Federal Circuits hold that this question is reviewed *de novo* (the "Minority View").[10]

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[10] Cases representing the Majority View include *Purolator, Inc. v. EFRA Distributors, Inc.*, 687 F.2d 554, 559 (1st Cir. 1982); *American Home Products Corp. v. Barr Laboratories, Inc.*, 834 F.2d 368, 370-371 (3d Cir. 1987); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1526 (4th Cir. 1984); *Moore Business Forms, Inc. v. Ryu*, 960 F.2d 486, 489 (5th Cir. 1992); *Smith Fiberglass Products, Inc. v. Ameron, Inc.*, 7 F.3d 1327, 1329 (7th Cir. 1993); *Conagra*, 990 F.2d at 370-371; *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355-56 (9th Cir. 1985) (*en banc*); *Amoco Oil Co. v. Rainbow Snow, Inc.*, 809 F.2d 656, 661-62 (10th Cir. 1987); *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 839-840 (11th Cir. 1983); *Reader's Digest Association, Inc. v. Conservative Digest, Inc.*, 821 F.2d 800, 803-04 (D.C. Cir. 1987). The Minority View is represented by cases including *Escercizio v. Roberts*, 944 F.2d 1235, 1242 (6th Cir. 1991), *cert. denied*, 112 S. Ct. 3028 (1992) and *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1571 (Fed. Cir. 1983).

A. The Likelihood Of Confusion Issue Is Inherently Factual In That It Focuses On Ordinary Consumers' Perception Of Competing Marks And Trade Dresses.

As an initial matter, common sense suggests that a trier of fact, rather than an appellate court, is in the superior position to weigh evidence concerning the inherently fact-laden issue of the likelihood that *an appreciable number of ordinary consumers* will be confused by a competing mark or trade dress. *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979). The tests of all the circuits emphasize that not all evidentiary factors have equal weight in every case and that a plaintiff need not prove all or even most of the factors to prevail. *See, e.g., Paddington*, 996 F.2d at 584 (evaluation of *Polaroid* factors not a mechanical process where party with most factors in its favor prevails); *Nina Ricci, S.A.R.L. v. E.T.F. Enterprises, Inc.*, 889 F.2d 1070, 1073 (Fed. Cir. 1989) (in each case different elements may predominate); *Conan Properties, Inc. v. Conan Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985) (finding of likelihood of confusion need not be supported by a majority of the factors); *Pizzeria Uno*, 747 F.2d at 1527 (not all the likelihood of confusion factors are always relevant or equally emphasized in each case). There is no requirement that, and indeed no practical manner in which, the trier of fact can precisely tabulate and record the subjective significance that it attaches to each factor in the test -- factors that all circuits agree are purely factual in nature. Thus, it seems self-evident that the fact finder is in the best position to measure the weight of each of the constituent elements and determine properly whether likelihood of confusion exists.[11] Surely a jury composed of a

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[11] The fact that juries routinely decide infringement claims by resolving the likelihood of confusion issue is strong evidence that the issue is not legal in nature and does not require or merit searching appellate review. *See, e.g., John H. Harland*, 711 F.2d 966; *Transgo Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001 (9th Cir. 1985), *cert. denied*, 474 U.S. 1059 (1986);

(Footnote continued)

cross-section of consumers is better equipped than a panel of erudite judges to determine whether the similarity between marks and trade dresses in the marketplace is likely to lead to consumer confusion.[12]

Moreover, Lanham Act trials recreate, to the greatest extent possible, the in-store, commercial market place an ordinary consumer encounters when purchasing the products at issue. 2 McCarthy, *Trademarks And Unfair Competition*, § 23.17. At trial, the litigants try to recreate the look and feel of the consumer atmosphere through pictures, testimony of employees, retailers and wholesalers, and myriad other evidence. Here, Merriam-Webster and Random House used the four-week trial to develop their competing views of the various bookstores across the country where dictionaries are purchased. The written record on appeal cannot duplicate the trial

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Toro Co. v. R & R Products Co., 787 F.2d 1208 (8th Cir. 1986); *Conan Properties*, 752 F.2d 145 (5th Cir. 1985); *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316 (4th Cir.), *cert. denied*, 113 S. Ct. 206 (1992). Likewise, when acting as the finder of fact, the trial judge is ordinarily better equipped and better prepared than an appellate court to weigh the *Polaroid* factors. *See Inwood Labs*, 456 U.S. at 857-58 (reversing the Second Circuit's decision which had reversed the trial court's findings because it gave more weight to certain evidence than the district court found appropriate, the Supreme Court stated that the weight and credibility of evidence is the special province of the finder of fact and that Rule 52(a) recognizes that the trial judge is uniquely capable of weighing the evidence).

[12] As Judge Friendly aptly noted in his attempt to distinguish law from facts, law is what a court can determine better than a jury. *United States v. J.B. Williams*, 498 F.2d 414, 431 (2d Cir. 1974). Under this practical definition, likelihood of confusion is surely a factual rather than a legal question. *See generally* George C. Christie, *Judicial Review Of Findings Of Fact*, 87 Nw. U. L. Rev. 14 (1992) ("Christie, *Review Of Findings Of Fact*"); Martin B. Louis, *Allocating Adjudicative Decision Making Authority Between The Trial And Appellate Levels: A Unified View Of The Scope Of Review, The Judge/Jury Question, And Procedural Discretion*, 64 N. C. L. Rev. 993 (1986) ("Louis, *Allocating Adjudicative Decision Making Authority*").

atmosphere to the degree necessary to allow appellate judges to reweigh how an ordinary consumer would have viewed the competing products. Compared to other cases where the Court has been asked to determine an appropriate standard of review, likelihood of confusion appears relatively easy to classify as factual as opposed to legal. *Compare Pullman-Standard v. Swint*, 456 U.S. 273 (1982) (whether the differential impact of a seniority system reflected an intent to discriminate is question of fact); *Bose Corp. v. Consumers Union of United States, Inc.*, 467 U.S. 485 (1984) (Rule 52(a) does not apply to finding of actual malice because independent appellate review required due to constitutional nature of issue); *Miller v. Fenton*, 474 U.S. 104 (1985) (question of voluntariness of confession is legal question reviewed *de novo*); *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384 (1990) (district court Rule 11 determination is reviewed under abuse of discretion standard).

B. Clearly Erroneous Review Is More Judicially Efficient Than *De Novo* Review.

Aside from the common sense perspective that likelihood of confusion is a purely factual question, pragmatic considerations suggest that the clearly erroneous review standard be uniformly adopted nationwide. The opportunity to retry the case on appeal afforded by the Minority View has not been lost on would-be appellants. *See Anderson v. City of Bessemer City, N.C.*, 470 U.S. 564, 574-75 (Rule 52(a) helps prevent retrial of cases on appeal); *Conopco, Inc. v. May Dep't Stores Co.*, __ F.3d ___, 1994 WL 511280, *14 (Fed. Cir. 1994) (dissent noted that reweighing the evidence encourages litigants to ignore the trial court decision and "retry the case on appeal," sometimes successfully).

The needless inconsistency between the circuits also promotes forum shopping, especially in the Federal Circuit. In reviewing trademark cases appealed from the Trademark Trial and Appeal Board (the "TTAB"), the Federal Circuit reviews likelihood of confusion *de novo*. *See, e.g., Kimberly Clark*

Corp. v. H. Douglas Enterprises, 774 F.2d 1144, 1146 (Fed. Cir. 1985); Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1303. Because litigants may appeal the TTAB decision to the Federal Circuit or any district court that has jurisdiction, a loser at the TTAB likely will seek review before the Federal Circuit.[13] Also, because the Federal Circuit does not have exclusive jurisdiction over trademark and trade dress cases, when it assumes jurisdiction over these cases in conjunction with appeals of patent issues from a district court, it borrows its standard of review for the trademark portion of the case from the appellate court for the district in which the district court sits. As a result, in some of these cases the Federal Circuit reviews likelihood of confusion *de novo* while in others it reviews the issue under the clearly erroneous standard. *Compare Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 909, 911-12 (Fed. Cir. 1984) (applying the old Ninth Circuit law that the ultimate issue of likelihood of confusion is reviewed *de novo*) *and Kimberly-Clark*, 774 F.2d at 1146 (applying its own rule, Federal Circuit reviewed *de novo* and reversed the TTAB's finding that no likelihood of confusion exists) *with Conopco*, __ F.3d. __, 1994 WL 511280, *5 (Fed. Cir. 1994) (applying Eighth Circuit's clearly erroneous standard). Providing one standard of review will eliminate litigants' manipulation of forum considerations.

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[13] Although the Federal Circuit's review is *de novo*, the district courts are instructed to review the TTAB findings for clear error. Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1303-04; Richard L. Kirkpatrick, *Likelihood Of Confusion Issues: The Federal Circuit's Standard Of Review*, 40 Am. U. L. Rev. 1221, 1228-29 (1991) ("Kirkpatrick, *Likelihood of Confusion Issues*").

1. In Analogous Areas of Trademark Law, The Clearly Erroneous Standard Of Review Is Uniformly Applied.

To prevail on a § 43(a) Lanham Act claim for trademark or trade dress infringement, besides demonstrating likelihood of confusion, a plaintiff must demonstrate that the mark merits protection. If a mark is only descriptive, as opposed to suggestive, the mark must have secondary meaning to be protectible. Secondary meaning exists if, " 'in the minds of the public, the primary significance of a product feature is to identify the source of the product rather than the product itself.' " *Two Pesos Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2756 n.4 (1992), (*quoting Inwood Laboratories*, 456 U.S. at 851 n.11). Appellate courts uniformly hold that whether a mark has acquired secondary meaning and whether a mark is descriptive are questions of fact reviewed on appeal under Rule 52(a). 2 McCarthy, *Trademarks And Unfair Competition*, § 15.10; *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1039-41 (2d Cir. 1992). Moreover, as with likelihood of confusion, all courts employ multifactor tests to determine secondary meaning. 2 McCarthy, *Trademarks And Unfair Competition*, § 15.10. In addition, although separate, secondary meaning and likelihood of confusion are difficult to distinguish in reviewing the evidence. *Id.* at § 15.03. Fundamentally, the determination of whether a mark is descriptive or has acquired secondary meaning is so analogous to the determination of likelihood of confusion, the same clearly erroneous standard should apply.[14] The Minority View circuits should be required to bring their review of likelihood of confusion in line with their

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[14] Because all tests require application of multiple evidentiary factors, "there appears to be no articulated reason" for the Federal Circuit to review secondary meaning and mark classification under the clearly erroneous standard but review *de novo* likelihood of confusion. Kirkpatrick, *Likelihood Of Confusion Issues*, 40 Am. U. L. Rev. at 1230.

review of the other, analogous elements of a trademark infringement claim.

C. Clearly Erroneous Review of Likelihood of Confusion Rests Upon The Consistent Application of Settled Legal Principles.

Aside from these compelling practical reasons for providing a uniform standard of review, the issue is ripe for resolution in favor of the clearly erroneous standard because the Minority View fails to take account of Supreme Court precedent, ignores and subverts the functional distinctions between trial and appellate courts and lacks any reasoned foundation.

1. Supreme Court Precedent Suggests That Deferential Review Of This Non-Constitutional Issue Is Appropriate.

A deferential standard of review is consistent with the Court's pronouncements that searching appellate review is most appropriate when constitutional rights are at stake or where an issue involves central aspects of human rights -- matters decidedly absent in trademark cases which often involve the application of statutory provisions to *sui generis* facts. *See Bose*, 466 U.S. at 500 n.16 (appellate review of factual issues is not foreclosed where a judgment involves "broadly social judgments -- judgments lying close to opinion of our government and the duties and immunities of citizenship");[15] Evan Tsen Lee, Note, *Principled Decision Making And The Proper Role Of Federal Appellate Courts: The Mixed Questions Conflict*, 64 S. Cal. L. Rev. 235, 278 (1991) ("Lee, *Principled Decision Making*") (rigorous appellate scrutiny of district court

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[15] The Court in *Bose* also stated that certain largely factual questions in some areas of law cannot be left to the trier of fact to resolve because of their great "impact on future cases and future conduct." 466 U.S. at 501 n.17. In dissent, Chief Justice Rehnquist objected to engaging in searching review of a factual inquiry merely by referring to the issue as one of constitutional dimension. *Bose*, 466 U.S. at 517.

findings in certain cases can be explained by the constitutional rights at issue); Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1305 ("[t]he Supreme Court's recent tendency has been to narrow the scope of appellate review where the issues do not involve fundamental constitutional rights."). *See also Levi Strauss*, 778 F.2d at 1355 (likelihood of confusion issues are suited to clearly erroneous review because they do not involve constitutional questions). *See generally* Christie, *Judicial Review Of Findings Of Fact*, 87 Nw. U. L. Rev. 14; Louis, *Allocating Adjudicative Decision Making Authority*, 64 N. C. L. Rev. 993.

2. Clearly Erroneous Review Is Consistent With Fundamental Distinctions In The Respective Roles Assigned To Trial And Appellate Courts.

The Court has recognized that a precise test for determining whether a question is factual, legal or mixed remains out of reach. *Miller v. Fenton*, 474 U.S. at 113. Accordingly, whether, for appellate review purposes, a question should be treated as one of law or fact is "sometimes as much a matter of allocation as it is of analysis." *Id.* This decision requires analysis of which court is best situated to decide the question, which in turn calls for an understanding of the respective functions each court is designed to perform.[16] The instances in which the Court has "articulated a standard of deference for appellate review of district court determinations reflect an accommodation of the

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[16] Allocation does not merely require determining whether a case involves disputed facts requiring assessment of credibility because amendments to Rule 52 and the Court's precedent make clear that the trial court's findings are reviewed deferentially even when based solely on documentary evidence or uncontested facts and even when the appellate court has equal access to the facts. *Bessemer City*, 470 U.S. at 574-575. Of course, in this case, numerous witnesses testified, and assessment of credibility was, therefore, especially critical.

respective institutional advantages of trial and appellate courts." *Salve Regina College v. Russell*, 499 U.S. 225, 233 (1991). "[A] federal appellate court [has the] primary function as an expositor of law." *Miller v. Fenton*, 474 U.S at 114. By contrast, "'factfinding is the basic responsibility of district courts, rather than appellate courts.'" *Pullman-Standard*, 456 U.S. at 291-92 (*quoting DeMarco v. United States*, 415 U.S. 449, 450 n. (1974)); *Bessemer City*, 470 U.S. at 574-75 (Rule 52 deference is in part due to trial court's expertise accumulated through primary role as fact finder); *Pierce v. Underwood*, 487 U.S. 552, 559-562 (1988) (with respect to whether government's litigation posture was "substantially justified," deferential appellate review is appropriate because trial court is better positioned to decide the issue, because, *inter alia*, evidence may be known only to the trial court, and even where appellate court has full knowledge, it comes at great expense). The 1985 amendments to Rule 52 make this functional dichotomy explicit.[17] *See also Mucha v. King*, 792 F.2d 602, 605-06 (7th Cir. 1986) ("*Bessemer City* teaches that the main reason for appellate deference to the findings of fact made by the trial court is not the appellate court's lack of access to the materials for decision but that its main responsibility is to maintain the uniformity and coherence of the law, a responsibility not engaged if the only question is the legal significance of a particular and nonrecurring set of historical events.").

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[17] Rule 52(a) was amended to provide that even when an appellate court is in as good a position as the trial court to make a factual finding, it should still defer to the fact finder's findings because "stability and judicial economy" are promoted by recognizing that it is the trial court's job to find facts, and because appellate fact finding undermines the legitimacy of the district courts, needlessly reallocates judicial resources and multiplies appeals by encouraging appellate retrial of factual issues. *See* 1985 Notes of Advisory Committee on Rules, collected at West, Federal Civil Judicial Procedure and Rules, Rule 52 (1994).

Deferential review of the likelihood of confusion issue is also appropriate because trademark infringement cases are so fact specific that they are inherently of little precedential value, and as such, do not implicate the basic function of appellate courts as expositors and overseers of legal principles that act as guides to future conduct and future cases. *See Salve Regina*, 499 U.S. at 233-34 (deferential review of mixed questions of law and fact is proper if appellate scrutiny will not clarify the law); *Cooter & Gell*, 496 U.S. at 399-405 (resolving conflict, the Court held appellate review standard of Rule 11 sanction is abuse of discretion, not *de novo*, because Rule 11 revolves around issues "rooted in factual determinations" and involves "'fact-intensive, close calls'"); *Pierce v. Underwood*, 487 U.S. at 562 (appellate review standard for determining whether government's litigation posture is "substantially justified" is abuse of discretion, not *de novo*, in part because it is "a multifarious and novel question, little susceptible, for the time being at least, of useful generalization"); *Bessemer City*, 470 U.S. at 574-75 ("Duplication of the trial judge's efforts in the court of appeals would very likely contribute only negligibly to the accuracy of fact determination at a huge cost in diversion of judicial resources."); *Levi Strauss*, 778 F.2d at 1355-56 (likelihood of confusion decisions have little precedential value); *Lever Bros. Co. v. American Bakeries, Co.*, 693 F.2d 251, 253 (2d Cir. 1982) ("each trademark infringement case presents its own unique set of facts").

3. The Minority Of Circuits That Employ *De Novo* Review Do So Without Any Reasoned Basis.

No reasoned explanation underpins the holdings of the three circuit courts that review likelihood of confusion *de novo*.[18] The

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[18] *See* Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1299 ("No court has articulated a convincing justification for reviewing likelihood of confusion *de novo*."). In fact, it is a

(Footnote continued)

Sixth Circuit, in *Frisch's Restaurants, Inc. v. Elby's Big Boy Of Steubenville, Inc.*, 670 F.2d 642, 651 (6th Cir.), *cert. denied*, 459 U.S. 916 (1982) without explanation, adopted the then-current view of the Ninth Circuit that the determination of likelihood of confusion is a legal conclusion meriting *de novo* review.[19] However, a few years later, in a dispositive opinion, the Ninth Circuit, *en banc*, overruled all of its prior decisions (including the ones exclusively relied on by the Sixth Circuit in *Elby's*) and held that review of the issue of likelihood of confusion should always be under the clearly erroneous standard. *See Levi Strauss*, 778 F.2d at 1355-56.[20] The Ninth Circuit reasoned that the question, although in its view mixed, is

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bit misleading to say that these three minority circuits uniformly apply their own standards. Several circuits seem so confused by the jurisprudence in this area that they occasionally fail to follow their own rules. *See, e.g., Hindu Incense v. Meadows*, 692 F.2d 1048, 1051 (6th Cir. 1982) (applying the First Circuit clearly erroneous standard); *Conagra*, 990 F.2d at 370-71 (court mentioned that one of its prior cases approved *de novo* review of likelihood of confusion and then explained that case's holding should be disregarded).

[19] *Elby's* was the first of several cases in which Justice White dissented from the Court's denial of certiorari to determine the appropriate standard of review for likelihood of confusion.

[20] Several of the circuits that previously reviewed likelihood of confusion *de novo* changed to clearly erroneous review, acknowledging that the justifications for their holdings -- that likelihood of confusion is a finding of ultimate fact and that the appellate court is as able as the trial court to evaluate evidence of likelihood of confusion -- were repudiated by *Pullman-Standard*, 456 U.S. 273 and the amendment to Rule 52(a). *See American Home Products*, 834 F.2d at 370 n.2; *Pizzeria Uno*, 747 F.2d at 1526; *Euroquilt, Inc. v. Scandia Down Corp.*, 772 F.2d 1423, 1428 (7th Cir. 1985), *cert. denied*, 475 U.S. 1147 (1986). It does not appear that the Sixth Circuit ever revisited its standard in light of the Ninth Circuit's reversal. Moreover, of the four circuits courts that typically review mixed questions of law and fact *de novo* -- the Second, Third, Eighth and D.C. Circuits -- the latter three apply clearly erroneous review to the likelihood of confusion issue. Lee, *Principled Decision Making*, 64 S. Cal. L. Rev. at 241.

predominantly factual, does not implicate constitutional issues, requires application of a strictly factual test, has little precedential value and if reviewed *de novo* would require a great expenditure of appellate resources to a task more suited to the trial court. *Levi Strauss*, 778 F.2d at 1355.

The Federal Circuit, which reviews likelihood of confusion as a matter of law when taking appeals from the Trademark Trial and Appeal Board, applies this standard because its predecessor court, the Court of Customs and Patent Appeals, did so -- not because of its reasoned belief that the ultimate issue is one of law or is otherwise mandated. *See Giant Food*, 710 F.2d at 1569 (Fed. Cir. 1983); *see generally* Kaeding, *Clearly Erroneous Review Of Mixed Questions*, 59 U. Chi. L. Rev. at 1299 ("[T]he Federal Circuit seemingly adopted de novo review because its predecessor, the Court of Custom and Patent Appeals (CCPA), employed it" and the CCPA did not offer any reasoned explanation for its position.).

The oft-cited precedent for the Second Circuit view, *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1005 (2d Cir. 1983), was derived from perfunctory citation to the now discarded Ninth Circuit view, misstatement of its own precedent, and generic, unhelpful citation to a treatise. In fact, Second Circuit opinions prior to *Plus Products* often reviewed the trial court's findings regarding likelihood of confusion under the clearly erroneous standard. *See, e.g., Spring Mills, Inc. v. UltraCashmere House, Ltd.*, 689 F.2d 1127, 1136 (2d Cir. 1982) (Second Circuit reversed, holding trial court's finding of no likelihood of confusion "clearly erroneous"); *Grotrian, Helfferich, Schulz, Etc. v. Steinway & Sons*, 523 F.2d 1331, 1342 (2d Cir. 1975) (Second Circuit held that the trial court's finding of "likelihood of confusion is not clearly erroneous but is supported by substantial evidence"). The Second Circuit authorities cited in *Plus Products* do not remotely stand for the

proposition cited.[21] The only other case cited in *Plus Products* is a Ninth Circuit opinion from 1980 that predated the Ninth Circuit's *en banc* reversal. *See Alpha Industries, Inc. v.*

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[21] *Lever Bros.*, 693 F.2d at 255, the first authority cited in *Plus Products*, does not stand for the proposition that likelihood of confusion is reviewed *de novo* but rather for a related, subsidiary rule that has since been repudiated by amendments to Rule 52(a) and by Second Circuit case law. This repudiated rule stated that "[t]o the degree that the determination of 'likelihood of confusion' rests upon a comparison of the marks themselves, the appellate court is in as good a position as the trial judge to decide the issue." *Miss Universe, Inc. v. Patricelli*, 408 F.2d 506, 509 (2d Cir. 1969). Where, however, as in the instant case, the district judge's factual findings were based not only on his analysis of documentary evidence of similarity but also on the testimony of market research experts, we will apply the 'clearly erroneous' standard of review." *Lever Bros.*, 693 F.2d at 254 n.1. *Miss Universe*, cited in *Lever Bros.*, stated that *de novo* review is only appropriate concerning the one factor of the likelihood of confusion test requiring comparison of the marks. *Miss Universe*, 408 F.2d at 509. The Second Circuit there applied the clearly erroneous standard to the other factual factors involved and the opinion nowhere states that likelihood of confusion should be reviewed *de novo*. Accordingly, it is clear that *Lever Bros.* does not stand for the proposition attributed to it in *Plus Products* that *de novo* review of likelihood of confusion is appropriate.

The *Miss Universe* logic was subsequently overturned as the result of the 1985 amendment to Rule 52(a), which explained that a judge's findings of fact are to be reviewed under the clearly erroneous standard whether based on documentary evidence or testimony, and has been recognized by the Second Circuit in cases such as *Paddington*, 996 F.2d at 585 ("While we used to apply *de novo* review to the similarity-of-the-mark inquiry, on the theory that an appellate court is in as good a position to examine a mark or dress as a trial court . . . this practice [is] inappropriate in light of a 1985 amendment to the Federal Rules.").

The other Second Circuit opinion cited for authority in *Plus Products* stands only for the rejected *Miss Universe* rule. *See McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d at 1133. In fact, *McGregor-Doniger* correctly noted that *Miss Universe* stood only for the proposition that the "clearly erroneous standard applies to findings on factors other than similarity of marks." 599 F.2d at 1139.

AlphaSteel Tube and Shapes, Inc., 616 F.2d 440, 443-44 (9th Cir. 1980). The section of Moore's treatise cited in *Plus Products* speaks generally about Rule 52(a), but does not indicate that *de novo* review of likelihood of confusion is appropriate. In short, the authority cited to support the Second Circuit's view is either flawed, long since overruled or inapposite.[22]

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[22] Resolution of the likelihood of confusion issue would complement the Court's review of *Wilton (Leslie) v. Seven Falls Co.*, 29 F.3d 623 (5th Cir. 1994), *cert. granted*, 63 USLW 3420 (U.S. Nov. 28, 1994) (No. 94-562) in which certiorari was granted recently. One of the issues there is the appropriate appellate standard of review of a district court's decision concerning federal abstention. Recent commentators have suggested that the standards of appellate review of mixed questions are in need of clarification. Christie, *Judicial Review Of Findings Of Fact*, 87 Nw. U. L. Rev. 14; Lee, *Principled Decision Making*, 64 S. Cal. L. Rev. 235 (suggesting that plenary appellate review of mixed questions is appropriate only when review will produce meaningful precedent).

A comparison of the various standards of review actually applied by the Second Circuit in its opinion versus the standards it purported to apply makes plain that appellate courts need further guidance concerning the appropriate method for classifying, for review purposes, when a question is factual and when it is legal. Under the current state of the law articulated in *Pullman* and its progeny, any appellate court can do what the Second Circuit did here -- denominate a question as mixed or purely legal, not factual, so that *de novo* review can be justified.

With regard to the jury's findings of distinctiveness and secondary meaning of Merriam-Webster's trade dress, the Second Circuit stated that they were "supported by the record." Although its standard of review of these findings was not explicitly stated, it appears the Second Circuit correctly applied some variation of the "substantial evidence" test for jury findings or the clearly erroneous standard mandated by Rule 52. Next, however, although Second Circuit law uniformly states that the *Polaroid* factors merit clearly erroneous review, the Second Circuit reweighed many of the *Polaroid* factors *de novo*. With regard to the New York State dilution claim, the Second Circuit applied *de novo* review to each of the constituent elements of the claim as well as the overall question of likelihood of dilution despite the

(Footnote continued)

D. The Seventh Amendment Requires That Matters Decided By A Jury Not Be Re-examined By A Court.

In dismissing Merriam-Webster's complaint, the Second Circuit ignored its obligation to give Seventh Amendment deference to the jury's findings regarding likelihood of confusion. Juries routinely decide Lanham Act damage cases. To allow an appellate court to conduct *de novo* review of likelihood of confusion -- the heart of any infringement case -- is tantamount to usurping the jury's function.[23] The Second

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fact that Second Circuit law suggests that the constituent elements of a dilution claim are factual questions reviewed deferentially. *See Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625-26 (2d Cir. 1983) (Second Circuit applied clearly erroneous review to predatory intent element of dilution). The Second Circuit's decision to review each of these elements *de novo*, with no deference to the trial judge or the jury, is reversible error as it is inconsistent with Rule 52 and the Seventh Amendment. It is also inconsistent with the view in other circuits. *See Fruit of the Loom, Inc. v. Girouard*, 994 F.2d 1359, 1361-62 (9th Cir. 1993) (clearly erroneous standard of review for trademark cases applies to state law dilution cases); *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1489 (10th Cir. 1987) (dilution, like likelihood of confusion, is reviewed under the clearly erroneous standard). Finally, as discussed below, the Second Circuit's *de novo* review of the jury verdict, typical of the Minority View courts with respect to jury trials, raises Seventh Amendment concerns. The inconsistency in all of these standards of review -- often an outcome determinative matter -- warrants resolution.

[23] Ordinarily, due to the Seventh Amendment, a jury's findings regarding likelihood of confusion merit even more deference than a trial court's findings. *See, e.g., Figueroa v. Aponte-Rocque*, 864 F.2d 947, 949 n.3 (1st Cir. 1989) (standard of review of jury verdict even more deferential than review of judicial factfinding); Louis, *Allocating Adjudicative Decision Making*, 64 N. C. L. Rev. at 696 n.19. In this instance, however, because a "judge sitting at equity may not render a verdict which is inconsistent with that of a jury sitting at law on a claim involving the same essential elements," the Seventh Amendment required the district court to resolve the injunction in conformity with the jury verdict. *Song v. Ives Laboratories, Inc.*, 957 F.2d

(Footnote continued)

Circuit acknowledged that the jury "was instructed on the *Polaroid* factors and charged that it could not find Random House liable without finding a likelihood of confusion." (App. at A10.) Yet, without suggesting that the trial court committed error in submitting the question of likelihood of confusion to the jury, *see Levi Strauss*, 778 F.2d at 1356, the Second Circuit ruled as a matter of law that no such likelihood existed.[24]

The Second Circuit engaged in *de novo* review of most of the *Polaroid* factors and made no attempt to marshal the evidence on which a jury verdict for Merriam-Webster, on either the federal or state infringement claims, could have been based. *See, e.g., John H. Harland*, 711 F.2d at 973 (appellate court applied the appropriate deferential standard in upholding the jury verdict). The district court noted that Merriam-Webster presented "extensive" evidence of likelihood of confusion, including evidence regarding similarity of the marks such as the appearance of the dictionaries, the manner in which Random House designed and redesigned its trade dresses to make it more

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1041, 1048 (2d Cir. 1992). Thus, in this case, the judge's injunction should receive the same deference as the jury verdict.

[24] *Atlantic & Gulf Stevedores, Inc. v. Ellerman Lines*, 369 U.S. 355, 359-60 (1962) (in light of the Seventh Amendment "neither [the Supreme Court] nor the Court of Appeals can redetermine facts found by the jury any more than the District Court can predetermine them."); *Tennant v. Peoria*, 321 U.S. 29, 35 (1944) (to enter judgment for respondent deprived petitioner of right to a jury trial where evidence in the record supported jury's finding that respondent's negligence, an ultimate conclusion concerning a factual matter, caused petitioner's injury); *In re Cinematronics, Inc.*, 916 F.2d 1444, 1451 (9th Cir. 1990) ("grave Seventh Amendment problems would arise if a jury trial is conducted by the bankruptcy court" in a non-core proceeding because *de novo* review of the findings is required). Likelihood of confusion is inherently a factual question; an appellate court should only review that finding under an extremely deferential standard. The Second Circuit did not even review the evidence Merriam-Webster introduced to the jury, no less give that evidence deference. (App. at A11-A16.)

similar to Merriam-Webster's, and the similar typography, prominence, color, and arrangement of the titles as displayed on the spines. (App. at A27, A29-A30.) Moreover, the jury took both dictionaries into the jury room during its deliberations. Finally, the jury was instructed without Random House's objection concerning the requirement that the jury view the trade dress in its entirety. Instead of reciting this evidence and assuming, as required, that the jury accepted all of this testimony, the Second Circuit made its own determination that the dust jackets were not similar, focusing on a side-by-side comparison, which is not the appropriate test. *RJR Foods, Inc. v. White Rock Corp.*, 603 F.2d 1058, 1060 (2d Cir. 1979) ("The test of customer confusion is not whether the products can be differentiated when subjected to a side-by-side comparison, but rather whether they create the same general overall impression.").

Moreover, emblematic of its independent fact finding was the Second Circuit's analysis of the *Polaroid* prong concerning sophistication of the consumer. The Second Circuit wholly ignored the evidence Merriam-Webster introduced that tended to show that dictionary purchasers typically make a purchase decision based predominantly on their view of the dictionary spine, not its front cover, and that, while there is no scientific evidence, it appears that dictionary purchasers expend little time in selecting a dictionary. (Trial testimony of Robert Sydney Albert, trial transcript dated October 16, 1991, at 2818 ("Albert at __")); (Trial testimony of Donald F. Miller, trial transcript dated September 30, 1991, at 921); (Albert at 2813-14.) Indeed, the district court concluded that Merriam-Webster adduced evidence that "relevant consumers are not sophisticated or careful enough to appreciate the differences between the dictionaries." (App. at A29.) Far from conducting even a modestly deferential review of the record, the Second Circuit substituted its own conclusions -- without citation to the district court's findings, the jury interrogatories or the testimony of any witnesses. The Second Circuit stated that "the dictionaries in

question are sold at retail for approximately twenty dollars and [are] designed for at least several years of use . . . ." (App. at A15.) The Second Circuit also noted that dictionary consumers are generally literate. *Id.* Had the Second Circuit applied its own recognized deferential standard of review to this *Polaroid* element, it could only have concluded that the jury was entitled to find that the consumer sophistication element favored Merriam-Webster.

"[I]n the jury trial context, reviewing courts usually don't question the jury's authority and competency to apply the law." Steven Alan Childress, *'Clearly Erroneous': Judical Review Over District Courts In The Eighth Circuit And Beyond*, 51 Mo. L. Rev. 93, 146 (1986).[25] *See McDermott Intern., Inc. v. Wilander*, 498 U.S. 337, 355-566 (1991) (seaman status under the Jones Act is properly characterized as a mixed question of law and fact requiring jury to find the facts and apply them to the proper legal standard, subject to appellate reversal only if reasonable people could not have found as the jury did); *Commissioner v. Duberstein*, 363 U.S. 278, 289 (1960) (because determination of whether a transfer constitutes a gift for Internal Revenue Code purposes involves application of a nontechnical statutory standard, "the close relationship of [the statute] to the data of practical human experience, and the multiplicity of relevant factual elements," if a jury decides the matter upon correct instructions, on appeal "the only inquiry is whether it can be said that reasonable men could reach differing conclusions on the issue"). It is unprincipled at best and unconstitutional at worst that likelihood of confusion goes to the jury on the damages claim but on appeal of the injunction, the

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[25] "Indeed, with the exception of a few specific substantive areas like constitutional and contract or commercial law, mixed questions going to the merits area, are almost presumptively classified as questions of fact, assigned to the jury, and reviewed narrowly on appeal from any fact finder." Louis,

(Footnote continued)

issue becomes "legal," merits *de novo* review, and is removed from the jury's province.[26]

The Court should grant a writ of certiorari to address the appropriate standard of appellate review in Lanham Act disputes. Only by classifying likelihood of confusion as an issue of fact can the Court assure litigants' rights to have triers of fact decide their cases.

Allocating Adjudicative Decision Making, 64 N. C. L. Rev. at 1003-04. The constitutional fact model, the practice of precluding juries from hearing certain ultimate facts as legal questions, and the rule that equitable claims are decided by the judge rather than the jury are "limited exceptions to or exclusions from the Seventh Amendment, which preserves the right of jury trial as it was in 1791. At that time ultimate facts going to the merits and not subject to one of these three exceptions generally were assigned to the jury. . . . Therefore they became 'facts' within the meaning and protection of the Seventh Amendment." *Id.* at 1047 n.19.

[26] As a preeminent commentator in the field has noted, "[i]f the ultimate conclusion of likely confusion is indeed to be labeled as a pure legal issue on appeal, consistency would demand that it be similarly treated in motions for summary judgment, preliminary injunction *and in determining what issues a jury is capable of deciding*. Such has not been the case to date." 2 McCarthy, *Trademarks And Unfair Competition*, § 23.22[2][d]. (Emphasis added).

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

ALAN MANSFIELD
Counsel of Record

LILE H. DEINARD
ALAN N. SUTIN
DAVID M. ELKINS

WILLIAM J. BOWE
Of Counsel

GREENBERG, TRAURIG, HOFFMAN,
LIPOFF, ROSEN & QUENTEL
Citicorp Center
153 E. 53rd Street
New York, New York 10022
(212) 801-9200 (telephone)
(212) 223-7161 (facsimile)

Counsel for Petitioner

December 8, 1994

APPENDIX A

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

Nos. 959, 960, 961, 962—August Term, 1993

(Argued: December 15, 1993

Decided: September 9, 1994)

Docket Nos. 93-7276, 93-7362, 93-7728, 93-7776

MERRIAM-WEBSTER, INC.,

Plaintiff-Appellee-Cross-Appellant,

—v.—

RANDOM HOUSE, INC.,

Defendant-Appellant-Cross-Appellee.

Before:

MESKILL, WINTER, and PRATT,

Circuit Judges.

Appeal from a permanent injunction against a dictionary publisher's infringement of a rival's trade dress entered after a jury trial in the United States District

Court for the Southern District of New York (Lawrence M. McKenna, *Judge*) under the Lanham Act § 43(a), 15 U.S.C. § 1125(a). The jury also found a violation of New York's anti-dilution statute, N.Y. Gen. Bus. Law § 368-d. Because there is, as a matter of law, no likelihood of confusion or dilution, we reverse, vacate the injunction, and order dismissal of the complaint.

ROBERT G. SUGARMAN, Weil, Gotshal & Manges, New York, New York (Nancy Scherer, Lori Pines, Weil, Gotshal & Manges, New York, New York; Ellis B. Levine, Diana R. Frost, Random House, Inc., New York, New York; Ralph P. Huber, Pamela A. Rask, Sabin Bermant & Gould, New York, New York, of counsel), *for Defendant-Appellant-Cross-Appellee.*

LILE H. DEINARD, Schreiber, Simmons, MacKnight & Tweedy, New York, New York (Alan N. Sutin, Brian D. Graifman, Schreiber, Simmons, MacKnight & Tweedy, New York, New York, of counsel), *for Plaintiff-Appellee-Cross-Appellant.*

WINTER, *Circuit Judge*:

Random House, Inc. appeals from Judge McKenna's order granting a permanent injunction under the Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1988), against infringement of Merriam-Webster, Inc.'s trade dress for the dust

jackets of its dictionaries. We hold that, as a matter of law, no confusion or likelihood of confusion exists between the respective jackets. We also hold there is no dilution under New York law of either Merriam-Webster's trademarks or trade dress. We therefore vacate the injunction and order dismissal of the complaint. In light of that disposition, we need not address the various forms of other appellate relief sought by the parties through a petition for writ of mandamus and cross-appeal.

BACKGROUND

Merriam-Webster publishes a variety of reference works that depict on the front cover of the dust jacket its "bull's eye" logo—a large white circle containing the word "Webster's" and a description of the type of work. Merriam-Webster has registered this logo as a trademark with the Patent and Trademark Office. The present action involves the ninth edition of Merriam-Webster's hardcover, abridged, desk-top dictionary that has been published in numerous editions since 1898. As described by Merriam-Webster's expert, the dictionary is one of a genre of works known as "college" dictionaries and is the market leader in this field. The eighth edition, published in 1973, bore the title *Webster's New Collegiate Dictionary*. The ninth edition was published in 1983 and bore the title *Webster's Ninth New Collegiate Dictionary*. The jacket design for the ninth edition is the one at issue in the instant matter.

The jacket has a bright red background. The front is dominated by the "bull's eye" logo—a large circle with a thin white outer rim, a thin blue inner rim, a central area with a background of white and the title, "Webster's Ninth New Collegiate Dictionary" in blue. The diameter of the

"bulls-eye" is slightly over 6". The jacket is roughly 10" by 6-3/4". The words "A Merriam-Webster" appear in white script above the bull's-eye. The word "Webster's" appears in white vertically on the spine and occupies close to half the space. Horizontally in smaller type appear "Webster's Ninth New Collegiate Dictionary" at the top of the spine and "Merriam Webster" at the bottom. Both are in white.

Random House has published a "college" dictionary since 1947. In 1968, it titled its product "The Random House College Dictionary." The dictionary was marketed with a red dust jacket, the title in large black and white letters, and Random House's "house" logo—an angular drawing of a house—in white. The spine displayed the word "Dictionary" in large white letters.

The dispute underlying this action began in 1990, when Random House introduced a dictionary titled *Webster's College Dictionary*. The jacket is a slightly different shade of red than the plaintiff's dictionary jacket. Apart from the insertion of the word "Webster's," the new edition differs from the previous one only in that the words "Random House" and the "house" logo are slightly diminished in size, and the word "the" is deleted from the cover. Although smaller than in the prior edition, the logo and words "Random House" are in black and occupy roughly one-third of the front jacket. "Random House" is in block lettering and appears four more times on the outside jacket. The spine displays the word "Webster's" vertically in large white letters. Horizontally, in smaller black letters, is "Random House" at the top along with the "house" logo and "College Dictionary" at the bottom of the spine.

Several other publishers market a dictionary with the designation "Webster's" in the title. For example, Houghton Mifflin introduced its *Webster's II New Riverside University Dictionary* in 1984. Simon & Schuster introduced its *Webster's New World Dictionary, Third College Edition* in 1988. Both dictionaries are also marketed with a red dust jacket and with some of the title words lettered in white.

On February 20, 1991, Merriam-Webster brought the present action for infringement of its trademark, seeking damages, Random House's profits, and a permanent injunction under the Lanham Act § 43(a) and New York General Business Law §§ 368-d, 349 (McKinney 1988). Merriam-Webster moved for a preliminary injunction, which was denied, following an evidentiary hearing. The district court concluded that "there is not a likelihood of confusion warranting the issuance of a preliminary injunction." The key differences cited by the district court were the presence of Merriam-Webster's name and "bull's eye" motif on the cover of its dictionary and the words "Random House" and "house" logo on the front jacket of the Random House dictionary. Merriam-Webster then amended its complaint to include a claim for infringement of its trade dress under Lanham Act § 43(a).

Following a four-week trial, the jury answered nineteen questions on a special verdict form. The jury found that the phrase "Webster's Collegiate" as applied to dictionaries is a valid although unregistered trademark of Merriam-Webster. It found that the mark is not generic but is descriptive and had acquired secondary meaning. However, the jury found that Random House had not infringed Merriam-Webster's trademarks in either the words "Webster's Collegiate" or in the "bull's eye" logo. The jury did find, however, that Random House had

diluted the distinctiveness of Merriam-Webster's trademark "Webster's Collegiate" in violation of New York law.

Addressing the trade-dress claims, the jury found that Merriam-Webster's trade dress is distinctive and had acquired secondary meaning. It further found that Random House had infringed that trade dress. Moreover, the jury found that Random House had diluted the distinctiveness of the trade dress but not the distinctiveness of the "bull's eye" logo. Finally, the jury found that Random House's trade dress infringement was intentional and awarded Merriam-Webster $1,774,713 for its lost profits, but nothing for Random House's net profits. The jury also found that the infringement was done "maliciously or in wanton disregard of the rights of Merriam-Webster" warranting the award of $500,000 in punitive damages on the common law trade dress infringement claim, but not the award of attorneys' fees.

In response to the interrogatories on Random House's counterclaims, the jury found that the word "collegiate" as applied to dictionaries is not generic, but descriptive and had acquired secondary meaning. However, the jury found also that the word "Webster's" as applied to dictionaries is generic.

Following the verdict, the district court entered a judgment including damages under the Lanham Act and common law claims[1] and an injunction. The injunction

[1] The judgment granted Merriam-Webster double damages on the Lanham Act § 43(a) claim pursuant to Lanham Act § 35(a), 15 U.S.C. § 1117(a), in the amount of $3,549,426, which together with the $500,000 in punitive damages for common law trade dress infringement resulted in a total of $4,049,426. The district court vacated the compensatory damage portion of this award as irreconcilable with the jury's answers to the interrogatories on Random House's motion pursuant to Fed. R. Civ. P. 49(a). Although Merriam-Webster had requested only $729,731 in lost profits, it

enjoined Random House from using its current jacket design or using the words "Webster's" or "College" on dictionaries that do not adhere to a stringent set of restrictions intended to differentiate the two companies' products.[2]

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attempted to reconcile the jury's award of $1,774,731 in lost profits as actually representing a combination of its lost profits and Random House's profits or as an additional award for loss of goodwill. The district court then reversed its decision and reinstated the damage award on Merriam-Webster's motion for reconsideration on the basis of *Auwood v. Harry Brandt Booking Office*, 850 F.2d 884 (2d Cir. 1988). The court reconciled the jury's award as representing both Merriam-Webster's lost profits and Random House's profits. Because we order dismissal of Merriam-Webster's complaint, we need not address the district court's resolution of the Rule 49(a) issues.

[2] The injunction reads in full:

[I]t is **ORDERED, ADJUDGED AND DECREED** that [Random House, Inc.], its officers, agents, servants, employees, attorneys, successors and assigns, and all persons or entities licensed by [Random House, Inc.] to manufacture dictionaries or any part thereof, and those persons acting in active concert or participation with them (but excluding customers not affiliated with defendant to whom defendant or any customer of defendant shipped dictionaries prior to the date hereof) who receive actual notice of this Judgment, by personal service or otherwise, are hereby permanently enjoined and restrained from:

1. Manufacturing, distributing, selling, offering for sale, marketing, promoting or advertising:

(i) any dictionary bearing the jacket an illustration of which is annexed as Exhibit A:

(ii) any dictionary including the word "Webster's" in its title, or otherwise displaying the word "Webster's" on its jacket, binding cover or title page, which bears a jacket that does not comply with the following conditions:

(a) the dominant or most prominent word on the spine may not be the word "Webster's";

(b) the word "Collegiate" may not be used;

(c) the typeface used for the word "Webster's" on any part of the jacket may not be the same as, or nearly resemble, that used

Random House moved for a judgment as a matter of law pursuant to Fed. R. Civ. P. 50 or alternatively for a new trial pursuant to Fed. R. Civ. P. 59. Merriam-Webster cross-moved for partial judgment as a matter of law under Rule 50 as to their request for attorneys' fees. The district court denied both motions, but vacated the jury's award of Random House's profits and granted Random House a new trial on the issue of whether its conduct constituted "willful deception" under the standard announced in our intervening decision in *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, *cert. denied*, 113 S. Ct. 510 (1992). *Merriam-Webster, Inc. v. Random House, Inc.*, 815 F. Supp. 691, 700-01 (S.D.N.Y. 1993).

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for the word "Webster's" on the spine and within the circle on the jacket of plaintiff's *Webster's Ninth New Collegiate Dictionary*;

(iii) any dictionary including the word "Webster's" and the word "College" in its title, or otherwise displaying the word "Webster's" and the word "College" on its jacket, binding cover or title page, which bears a jacket that does not comply with the following additional conditions:

(d) the word "Webster's" must be immediately preceded or followed by the words "Random House";

(e) the word "Webster's," as used on any part of the jacket, must be in the same typeface as, and not larger in height than, the words "Random House";

(f) the words "Random House" must appear on the jacket in the same color as the word "Webster's."

2. Manufacturing or distributing any promotional materials, or placing any advertising, relating to any dictionary as described in ¶ 1, *supra*, that does not conform, in text or in depiction of dictionaries, or otherwise, to the conditions set forth in ¶ 1, *supra*.

3. Manufacturing, distributing, selling, offering for sale, marketing, promoting, or advertising any dictionary as described in ¶ 1, *supra*, the binding cover or title page of which does not conform to the conditions set forth in ¶ 1, *supra*, of this Judgment, provided, however, that this ¶ 3 of this Judgment shall not apply to title pages printed, or binding covers manufactured, prior to November 9, 1991.

DISCUSSION

We have jurisdiction over the appeal from a permanent injunction under 28 U.S.C. § 1292(a)(1).

1. *Trade Dress Infringement*

"A product's trade dress is its total image" composed of "features such as size, shape, color or color combinations, texture, [or] graphics." *Paddington Corp. v. Attiki Importers & Distribs.*, 996 F.2d 577, 582 (2d Cir. 1993) (internal quotations and citation omitted). Lanham Act § 43(a)(1) protects trade dress by creating a cause of action against

> [a]ny person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . .

18 U.S.C. § 1125(a) (1988).

In order to demonstrate infringement of its trade dress, Merriam-Webster had to show, first, that its trade dress had acquired secondary meaning or is inherently distinctive, and, second, that a likelihood of confusion exists between that trade dress and that of Random House's dictionary. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2758 (1992). We have no difficulty in concluding

that the jury's findings that Merriam-Webster's trade dress was distinctive and had acquired secondary meaning were supported by the record.

The more difficult question, however, concerns the existence of likelihood of confusion between the two dictionaries. We have traditionally determined likelihood of confusion by applying the factors set out by Judge Friendly in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). As we recently noted, the list of *Polaroid* factors is not exclusive and the analysis of the factors is "not a mechanical process." *Paddington*, 996 F.2d at 584. The *Polaroid* factors are "merely tools designed to help grapple with the 'vexing' problem of resolving the likelihood of confusion issue." *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1044 (2d Cir. 1992) (internal quotations and citation omitted). The issue is not similarity in the abstract, but "whether the similarity between the two trade dresses will contribute to consumer confusion as to the origin of the product." *Id.* at 1046. Whether likelihood of confusion exists is a matter of mixed fact and law reviewed *de novo*. *Paddington*, 996 F.2d at 584-85; *Murphy v. Provident Mut. Life Ins. Co.*, 923 F.2d 923, 928 (2d Cir. 1990), *cert. denied*, 112 S. Ct. 65 (1991).

The relevant *Polaroid* factors in the instant matter are: (i) the strength of Merriam-Webster's trade dress, (ii) the proximity of the products in the marketplace, (iii) Random House's bad faith in adopting its trade dress, (iv) the similarity between the two trade dresses, (v) evidence of actual confusion, and (vi) the sophistication of relevant consumer groups. Although the jury was instructed on the *Polaroid* factors and charged that it could not find Random House liable without finding a likelihood of confusion, the interrogatories did not elicit answers explicitly

conforming to those factors. The special verdict makes explicit only that the jury found Merriam-Webster's trade dress to be strong and distinctive, factor (i). It may also be inferred that the jury found the obvious fact that the two dictionaries are in close proximity in the market, factor (ii); and, based on the finding of malicious conduct, that Random House acted in bad faith, factor (iii). We have no problem with the jury's conclusions regarding (i) and (ii). The finding of (iii), bad faith, is discussed *infra*.

We turn to a comparison of the jackets to determine factor (iv), the degree of similarity. Both dictionaries' jackets bear red backgrounds and some white lettering, but that is also the case with regard to the Houghton Mifflin and Simon & Schuster "college" dictionaries as well as the earlier (non-"Webster") Random House edition that Merriam-Webster found unobjectionable. Moreover, in the center of the "bull's-eye," the Merriam-Webster dictionary prominently bears the title "Webster's Ninth New Collegiate Dictionary" in bright blue, a color not used on the Random House jacket. The colors used by Random House, therefore, are not likely to contribute significantly to consumer confusion between the trade dresses in question.

The conspicuous use of very different logos and of the names of the publishers significantly distinguishes the two trade dresses. With regard to the logos, Merriam-Webster's cover jacket is dominated by its "bull's eye," while the Random House jacket has the utterly dissimilar "house" logo. Whereas the circular "bull's-eye" occupies one-third to one-half of the Merriam-Webster front jacket, and, as the rear jacket depicts, similarly dominates the cover on several other Merriam-Webster reference works, no remotely similar configuration appears on the Random

House jacket. To the contrary, Random House's logo features sharp angles and a drawing of a dwelling.

As noted, both dictionaries prominently indicate the publisher's name on the front of the jacket. Although the "house" logo is far smaller than the "bull's-eye", it and the name "Random House", in black and in block letters, occupy almost one-third of the Random House front jacket. The name "Random House" is used four other times on the jacket. The name "Merriam-Webster" is in white script on the cover of its dictionary.

In *Bristol-Myers Squibb Co.*, 973 F.2d at 1037, competing analgesics devoted approximately one-third of the face of their packaging to their respective brand designators. Despite similarities in coloration, we held there that "although they share many similar elements, the prominence of the trade names on the two packages weighs heavily against a finding of consumer confusion resulting from the overall look of the packaging." *Id.* at 1045-46. Similar considerations apply in the instant matter.

What similarity there is between the two jackets, apart from the use of red as background, is in the two spines, which feature the name "Webster." As noted, however, the color red (in different shades) is standard for dictionaries, and the word "Webster's" is generic. Both spines, moreover, feature the quite different names of the publishers.

The fatal flaw in Merriam-Webster's case is the unstated (for obvious reasons) premise that the "bull's-eye" logo and the very name Merriam-Webster are neither strong nor distinctive. The jury, of course, found to the contrary, and there is ample evidence of Merriam-Webster's consistent promotion of the "bull's-eye" logo and its name on a variety of reference works. Unless the circular

"bull's-eye", which dominates the front cover and is displayed on six other works depicted on the back, and the name "Merriam-Webster," which is used once on the front and on the spine and numerous times on the back, are regarded as such insignificant features that confusion with an angular drawing of a house and the name "Random House" can exist, the jackets are not confusingly similar.

In so concluding, we are not dissecting the trade dress by comparing the similarity of individual elements, *Universal City Studios v. Nintendo Co.*, 746 F.2d 112, 117 (2d Cir. 1984); *J.R. Wood & Sons v. Reese Jewelry Corp.*, 278 F.2d 157, 159 (2d Cir. 1960); *Girl Scouts of the United States v. Bantam Doubleday Dell Publishing Group*, 808 F. Supp. 1112, 1124 (S.D.N.Y. 1992) ("Plaintiffs' mark may not be dissected to prove similarity to or public confusion with Defendants' books."), *aff'd*, 996 F.2d 1477 (2d Cir. 1993). Rather, we are assessing "the general impression conveyed to the public" by the entirety of the dress. *Lang v. Retirement Living Publishing Co.*, 949 F.2d 576, 581-82 (2d Cir. 1991); *see Bristol-Myers Squibb Co.*, 973 F.2d at 1046 ("[T]he question is not how many points of similarity exist between the two packages," but general impression). We find that the impressions conveyed by the combinations of angular and curving logos, and by quite different names and some different colors (bright blue is used for the title on the Merriam-Webster work), preclude a finding of similarity.

Indeed, a finding of similarity of trade dress would rest solely on a dissection of individual elements, in particular the use of "Webster's" and "College." Even then, however, the pertinent finding cannot be made. The word "Webster's" is itself generic as applied to dictionaries, as the jury found and under long-standing Supreme Court precedent. *G. & C. Merriam Co. v. Syndicate Publishing*

Co., 237 U.S. 618, 622 (1915). Moreover, Merriam-Webster's expert testified, and other evidence also demonstrates, that "college" describes the genre of hardcover, desk-top, abridged dictionaries. Although the style and placement of a generic word may be protected as an element of trade dress, the presence of a generic word alone cannot support an inference of likelihood of confusion in the presence of prominent source identifiers and wholly dissimilar logos.

Merriam-Webster's evidence of actual confusion, factor (v), consisted only of the testimony of several of its own salesmen, the testimony of one person who was giving the dictionary away, the testimony of another who read a review in a magazine, and photographs of Merriam-Webster and Random House dictionaries shelved side-by-side at bookstores. There was no testimony by any consumer, retail or wholesale, who intended to buy a Merriam-Webster dictionary but mistakenly bought a Random House dictionary because of confusion between the two products' trade dresses. The lack of survey evidence counts against finding actual confusion. *Essence Communications v. Singh Indus.*, 703 F. Supp. 261, 269 (S.D.N.Y. 1988) (citing cases). We conclude that Merriam-Webster failed to show actual confusion affecting purchasers.

Finally, factor (vi), the sophistication of the relevant consumer group, weighs heavily against Merriam-Webster. In assessing this factor, one must look to "[t]he general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods." *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1137 (2d Cir. 1979) (quoting 3 R. Callman, *The Law of Unfair Competition, Trade-*

marks and Monopolies, § 81.2, at 577 (3d ed. 1969)). Analysis of sophistication as a *Polaroid* factor involves those persons who are likely to purchase the product. In the instant matter, there are two pertinent classes of potential consumers: retail book sellers and individuals. Generally, the retailers may be assumed to be sophisticated buyers. *W.W.W. Pharmaceutical Co. v. Gillette Co.*, 984 F.2d 567, 576 (2d Cir. 1993). Moreover, ordering the dictionaries requires the retail book seller to contact the particular publisher, and it is virtually inconceivable that a book seller would call Random House believing it was Merriam-Webster. Again, Merriam-Webster's claim is implicitly based on an unstated assumption of its virtual anonymity as a dictionary publisher.

With regard to individual purchasers, the dictionaries in question are sold at retail for approximately twenty dollars and designed for at least several years of use, in both respects unlike the "low-involvement" goods at issue in *Bristol-Myers Squibb Co.*, 973 F.2d at 1046-47. Individual purchasers of dictionaries are generally literate, moreover.

The single *Polaroid* factor supporting a finding of likelihood of confusion is the inference that Random House acted in bad faith, factor (iii), that may be drawn from the jury's conclusion that the publisher acted with malice. There is no question that Random House believed that jacket design affected sales and was fully aware of the Merriam-Webster jacket. There is also evidence that Random House recognized a similarity in the spines. However, the rest of the evidence demonstrates only that Random House was aware that red was in general use as a background color for such dictionaries and that "Webster" and "college" were deliberately emphasized on the jacket. The jury found "Webster" to be a generic term, and

Merriam-Webster's own proof was that "college" was a descriptive term that referred to this genre of dictionaries. We do not pause to consider whether the record supports the jury's finding because what little evidence of bad faith exists is insufficient by itself to show a likelihood of confusion.

Based on a weighing of the *Polaroid* factors, therefore, there is as a matter of law no likelihood of confusion between Merriam-Webster's trade dress and Random House's.

2. *Dilution*

Merriam-Webster argues that the jury's findings of dilution of its trade dress and of the unregistered mark "Webster's Collegiate" under N.Y. Gen. Bus. Law § 368-d entitle it to an injunction. For many of the reasons underlying our holding of no likelihood of confusion on Merriam-Webster's trade dress claims, the jury's findings with regard to dilution are not supported by the record.

New York's anti-dilution statute provides that:

> dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark . . . , notwithstanding the absence of . . . confusion as to the source of goods or services.

N.Y. Gen. Bus. Law § 368-d (McKinney 1988).

This proscription applies to competitors, as in this case, as well as non-competitors. *Nikon, Inc. v. Ikon Corp.*, 987 F.2d 91, 96 (2d Cir. 1993). Section 368-d was enacted to prevent "the gradual whittling away of a firm's distinctive trade-mark or name." *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 369 N.E.2d 1162, 1166 (N.Y.

1977). This section applies with equal force to the protection of trade dress. *See 20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 815 F.2d 8, 10-11 (2d Cir. 1987).

In order to prevail on a claim of dilution under Section 368-d, the plaintiff must prove, first, that its trade dress or trademark either is of truly distinctive quality or has acquired secondary meaning, and, second, that there is a "likelihood of dilution." *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983). In the context of this case, dilution concerns whether "[j]unior uses may blur a mark's product identification . . . ." *Id.* (quoting 3 R. Callman, *The Law of Unfair Competition, Trademarks, and Monopolies* § 84.2, at 954-55). Under the language of the statute, Merriam-Webster need not show likelihood of confusion to prevail on its Section 368-d dilution claims. However, it must show that Random House's product "weakened, blurred or diluted the degree of value or quality" of Merriam-Webster's trade dress or trademark. *Miss Universe, Inc. v. Patricelli*, 753 F.2d 235, 238 (2d Cir. 1985). Several factors are relevant to the determination of likelihood of dilution in this case: (i) relative renown of the marks and dresses, (ii) similarity of the marks and trade dresses, and (iii) sophistication of consumers. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring).

With regard to trade dress, the dilution claim is that the two jackets were sufficiently similar that consumers would less readily identify Merriam-Webster's distinctive trade dress with Merriam-Webster's product. The elements of similarity, sophistication, and predatory intent remain for Section 368-d dilution purposes the same as for Section 43(a) purposes and lead to the same result. The only factor that weighs in favor of Merriam-Web-

ster's dilution claim is the jury's finding that Random House "maliciously or in wanton disregard of the rights of Merriam-Webster" infringed Merriam-Webster's trade dress rights. However, this single factor which, as noted above, is not strongly supported in the record, is insufficient to support a finding of likelihood of dilution in light of the prominent display of very dissimilar source identifiers, including the publishers' names and quite different logos.

The jury also found that Merriam-Webster had an unregistered trademark in "Webster's Collègiate" as applied to dictionaries and that Random House's work diluted that mark. The district court upheld the jury's verdict on the perceived "substantial similarity" of that phrase and Random House's use of "Webster's College Dictionary." We disagree.

First, the phrase "Webster's Collegiate" does not appear anywhere on the jacket of Merriam-Webster's dictionary. Rather, the jacket displays "Webster's Ninth New Collegiate Dictionary." Although Merriam-Webster's brief repeatedly refers to the ninth edition as "Webster's Collegiate Dictionary," that precise title appears not to have been used for decades, and it is, therefore, of highly questionable strength. *Cf.* Lanham Act § 46, 15 U.S.C. § 1127 (1988) ("Nonuse [of mark] for two consecutive years shall be prima facie evidence of abandonment."); *Silverman v. CBS Inc.*, 870 F.2d 40, 47 (2d Cir.) (mark unprotected when discontinued for over 20 years and no plans existed for use in reasonably foreseeable future), *cert. denied*, 492 U.S. 907 (1989); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980) (two years of non-use of mark gives rise to rebuttable presumption of abandonment).

Second, the phrase is merely the combination of a generic word, "Webster's," and a descriptive word, "Collegiate." *See J.R. Wood & Sons, Inc.*, 278 F.2d at 159 ("Trademarks containing a word in the public domain are said to be less confusingly similar if they resemble each other only by the inclusion of a word which is in the public domain.") (internal quotation and citation omitted). Although a descriptive word may assume trademark status through the accumulation of secondary meaning in the minds of the consuming public, *Western Publishing Co. v. Rose Art Indus.*, 910 F.2d 57, 60 (2d Cir. 1990), any claim to a right to prevent the use of similar but different words is weakened by the established concurrent use of similar descriptive words by competitors. *See Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072, 1078 (2d Cir. 1993); *W.E. Bassett Co. v. Revlon, Inc.*, 354 F.2d 868, 871 (2d Cir. 1966) ("[T]he law does not favor trademark monopolization of such descriptive terms."). Several other dictionary publishers, including Random House, have used the adjective "College" or "University" to describe their dictionaries. Several also have attached the generic term "Webster's" to their dictionaries. Merriam-Webster's own evidence was that "college" is used to describe the pertinent genre of dictionaries. No publisher (including Merriam-Webster) uses the precise phrase "Webster's Collegiate." Whatever Merriam-Webster's rights in that phrase, the general and prolonged use of "Webster's" and "college" by other publishers negates as a matter of law any claim that Random House's combined use of those words diluted those rights, if any.

CONCLUSION

For the foregoing reasons, we reverse, vacate the district court's injunction, and direct the dismissal of Merriam-Webster's complaint. In light of our disposition of the underlying action, we need not address the various forms of other relief sought by the parties.

MERRIAM-WEBSTER, INCORPORATED, Plaintiff,

v.

RANDOM HOUSE, INC., Defendant.

No. 91 Civ. 1221 (LMM).

United States District Court,

S.D. New York.

March 8, 1993.

Dictionary publisher sued competitor alleging trademark infringement (Webster's Collegiate), unfair competition and false designation of origin under Federal law as well as unfair competition and trademark infringement under New York law. On competitor's motion for judgment notwithstanding verdict in favor of publisher and for new trial, the District Court, McKenna, J., held that: (1) jury question was presented as to whether there was likelihood of confusion between trade dress of two dictionaries; (2) evidence supported jury's finding of actual confusion so as to support trade dress infringement verdict; (3) award representing publisher's lost profits was not clearly erroneous; and (4) jury could not award to publisher amount representing competitor's net profits absent finding of willful deception. Motion granted in part; denied in part.

Edward V. Filardi, Lile H. Deinard, White & Case, New York City, for plaintiff Merriam-Webster. Roger G. Sugarman, Nancy S. Scherer, Joseph P. Salvo, Stephen H. Schwartz, Weil, Gotshal & Manges, Lawrence Rosenthal, Blum Kaplan, New York City, for defendant Random House.

MEMORANDUM AND ORDER

McKENNA, District Judge.

I.

Pending before this Court are the post-trial motions of both plaintiff and defendant. Defendant Random House, Inc.'s ("RH") motion urges that the Court grant RH judgment as a matter of law pursuant to Fed.R.Civ.P. 50 or, alternatively, that the Court grant a new trial, in whole or in part, pursuant to Fed.R.Civ.P. 59. Plaintiff Merriam-Webster, Incorporated ("M-W") brings a cross motion for partial judgment as a matter of law and for attorneys' fees pursuant to Rule 50.

Plaintiff, a well-known publisher of reference books such as dictionaries, initiated the present action for federal trademark infringement, unfair competition and false designation of origin under the U.S. Trademark Act of 1946, as amended, 15 U.S.C.s 1051 et seq., and for unfair competition and trademark infringement under the law of New York against defendant RH, also a well-known publisher of, among other books, reference books, including dictionaries.

This action involves dictionaries published by the respective parties. In 1991, defendant commenced publication of its latest dictionary, whose title page reads "Random House Webster's College Dictionary." This dictionary will be referred to as the "RH Dictionary." Plaintiff's most recent dictionary was published in 1983 and its title page reads "Webster's Ninth New Collegiate Dictionary." This dictionary will be referred to as the "M-W Dictionary." While the evidence and arguments on both sides have been wide-ranging, the dispute centers on two aspects of the RH Dictionary. M-W contends, first, that RH's use of the words "Webster's" and "College" in combination constitutes trademark infringement and, second, that the trade dress employed by RH violates M-W's rights. A four-week

jury trial began on September 19, 1991 and concluded when the jury answered the Interrogatories to Jury submitted to it at the conclusion of the trial and found in favor of plaintiff in the amounts of (i) $1,774,713 on plaintiff's Lanham Acts 43(a) claim for damages for trade dress infringement (which award was challenged as inconsistent by defendant and sustained by this Court in its Memorandum and Order dated December 23, 1991); and (ii) $500,000 on plaintiff's claim for punitive damages based on common law trade dress infringement.

Specifically, the jury made the following findings of fact in response to the Interrogatories to Jury submitted to it (the findings will be numbered as they were in the Interrogatories to Jury): (A1) that the phrase "Webster's Collegiate" is a trademark of M-W for dictionaries; (A2) that RH did not show that the phrase "Webster's Collegiate," as applied to dictionaries, is generic; (A3) that the phrase "Webster's Collegiate," as applied to dictionaries, is descriptive; (A4) that the phrase "Webster's Collegiate," as applied to M-W dictionaries, has acquired secondary meaning; (A5) that RH did not infringe M-W's trademark "Webster's Collegiate" for dictionaries; (A6) that M-W's trademark "Webster's Collegiate" for dictionaries is strong and distinctive; (A7) that RH diluted the distinctiveness of M-W's trademark "Webster's Collegiate" for dictionaries; (B1) that M-W's trade dress is distinctive; (B2) that M-W's trade dress acquired secondary meaning; (B3) that RH's trade dress infringed M-W's trade dress; (C1) that RH did not infringe M-W's registered trademark "Webster's Ninth New Collegiate Dictionary" in a circle; (D1) that M-W's trade dress is strong and distinctive; (D2) that RH's trade dress dilutes the distinctiveness of M-W's trade dress; (E1) that M-W's registered trademark "Webster's Ninth New Collegiate Dictionary" in a circle is strong and distinctive; (E2) that RH did not dilute the distinctiveness of M-W's registered trademark "Webster's Ninth New Collegiate Dictionary" in a circle; (F1) that RH's infringement was

intentional; (F2) that M-W is to be awarded $1,774,713 (entered on the line reading "Merriam Webster's lost profits") plus zero (the line reading "Random House's net profits" was left blank) for a total of $1,774,713; (F3) that RH infringed M-W's common law trademark and/or trade dress rights maliciously or in wanton disregard of the rights of M-W so as to warrant an award of punitive damages; and (F4) that RH did not infringe M-W's federal trademark and/or trade dress rights maliciously or in wanton disregard of the rights of M-W so as to warrant an award of attorney's fees. In answer to the Counterclaim Interrogatories to Jury submitted to it, the jury answered as follows: (A1) that RH did not demonstrate that the word "Collegiate," as applied to dictionaries, is generic; (A2) that the word "Collegiate," as applied to dictionaries, is descriptive; (A3) that the word "Collegiate," as applied to M-W dictionaries, has acquired secondary meaning; and (B1) that RH demonstrated that the word "Webster's," as applied to dictionaries, is generic. In an additional Interrogatory to Jury, asking what amount of punitive damages, if any, it would award M-W on its claim for common law trademark and/or common law trade dress infringement, the jury stated "$500,000."

The Court without jury rendered a judgment against defendant on defendant's fifth and sixth equitable affirmative defenses in the Court's November 8, 1991 decision on the record. In addition to the amounts awarded by the jury, the Court determined in its November 8, 1991 decision on the record that pursuant to 15 U.S.C.s 1117(a) the aforesaid award of $1,774,713 was to be doubled. In addition, the Court's January 3, 1992 Judgment granted certain permanent injunctive relief against defendant on the basis of the jury's answers to the Interrogatories to Jury. The January 3, 1992 Judgment therefore requires defendant to pay a total of $4,049,426 to plaintiff and to cease certain actions associated with the behavior found by the jury to infringe federal and state law.

Defendant takes issue with virtually every aspect of the jury's verdict and award and the Judgment entered thereon. The Court will deal with each argument raised in defendant's motion and then with the two issues raised in plaintiff's motion in turn.

II.

[1] RH argues that M-W failed to prove that the RH Dictionary's total trade dress infringed the M-W Dictionary's total trade dress and that the jury's special verdict in this regard is not supported by properly admissible evidence. Specifically, RH contends that M-W sought to establish a likelihood of confusion with respect to one discrete element of the trade dress--the spine--rather than the total trade dress; that M-W failed to prove that the trade dress is likely to confuse an appreciable number of ordinary reasonable prudent purchasers -- in effect that M-W failed to show that the relevant Polaroid factors weighed in its favor; and that M-W failed to prove that its trade dress acquired secondary meaning.

[2] The Court concludes that all of these arguments regarding M-W's trade dress claim are without merit. From RH's voluminous brief, it appears that RH does not recognize the weight to which a jury verdict is entitled. See *Martell v. Boardwalk Enterprises, Inc.*, 748 F.2d 740, 750 (2d Cir.1984) (a court "must accord substantial deference to the jury's determination of factual issues"). Seventh Amendment principles require that only very limited circumstances warrant a judgment notwithstanding the verdict or a new trial pursuant to Rule 50(b). The Second Circuit has stated that a judgment notwithstanding the verdict should be granted only in the following circumstances:

(1) There is such a complete absence of evidence supporting the verdict that the jury's findings could only have been the result of sheer surmise and conjecture, or

(2) There is such an overwhelming amount of evidence in favor of the movant that reasonable and fair minded men could not arrive at a verdict against him.

Newmont Mines, Ltd. v. Hanover Ins. Co., 784 F.2d 127, 132 (2d Cir.1986) (quoting *Mallis v. Bankers Trust Co.*, 717 F.2d 683, 688-89 (2d Cir.1983)). Similarly, for a party to prevail on its motion for a new trial, this Court must be convinced that "the jury has reached a 'seriously erroneous result' or the verdict is a 'miscarriage of justice.' " Mallis, 717 F.2d at 688-89 (quoting *Bevevino v. Saydjari*, 574 F.2d 676, 684 (2d Cir.1978)).

While this Court is free to consider the weight of the evidence and weigh the credibility of witnesses in determining whether to grant a new trial, even if this Court would have reached a different result than the jury had it been the finder of fact, it would still have to find the jury verdict to have been a "seriously erroneous result" in order to grant a new trial. Because substantial evidence was adduced at trial on which a jury could reasonably have found for M-W on its trade dress infringement claim, this Court will grant neither judgment n.o.v. nor a new trial.

The core issue in a trade dress infringement claim is "whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir.1979). The Court of Appeals has articulated a now well-known list of relevant factors to aid in determining whether there is a likelihood of confusion in a Lanham Act case. *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir.), cert. denied, 368 U.S. 820, 82 S.Ct. 36, 7 L.Ed.2d 25 (1961). They are: (1) the strength or weakness of plaintiff's trademark or trade dress; (2) the degree of similarity between the two products; (3) the proximity of the products in the

marketplace; (4) actual confusion among customers; (5) the good faith intent of the defendant; and (6) the sophistication of the products' buyers. Moreover, in a trade dress claim, the plaintiff must prove "secondary meaning"--that "the consuming public immediately identifies the product with its maker." Coach *Leatherware Co. v. Ann Taylor, Inc.*, 933 F.2d 162, 168 (2d Cir.1991).

As a preliminary matter, RH argues that the jury was comparing only the trade dress of the two dictionaries' spines rather than their total trade dress. RH is correct in asserting that trade dress refers to "the total image of a good as defined by its overall composition and design, including size, shape, color, texture, and graphics." *Id.* (emphasis added). While M-W would not be entitled to prevail on its trade dress claim if it had merely isolated a discrete part of the trade dress of the M-W Dictionary and proven secondary meaning and consumer confusion, such was not the case here.

The jury had before it extensive evidence of the dictionaries' common color; the similar (at least to a non-expert) typography of the word "Webster's" as used on the RH Dictionary's face and spine and the same word as used on the M-W Dictionary; prominence of the title ("Webster's College Dictionary", in contrast to "Random House," which was smaller and less eye-catching); and that "Webster's" was featured in bold white vertical type down the spine on a red background. The jury charge clearly set out the "total trade dress" standard as articulated in cases such as Coach Leatherware: "[t]rade dress of a product refers to the total image of the product and may include features such as size, shape, color or color combinations or graphics. In this case the focus of the inquiry is the respective dust jackets of the Merriam-Webster Dictionary and the new Random House Dictionary including the title, graphics, color and design." (Tr. 3461-62.) The jury examined the two dictionaries in question (as well as nearly all other competing

dictionaries) throughout the four weeks of trial and answered the three relevant jury interrogatories in M-W's favor.[1]

[3] The Second Circuit has noted that before the fact finder tackles the issue of likelihood of consumer confusion between two products, it must determine whether secondary meaning exists in that, due to the plaintiff's efforts in the marketplace and its use over time, consumers associate the plaintiff's trade dress with a particular source or origin. See *Thompson Medical Co., Inc. v. Pfizer, Inc.*, 753 F.2d 208, 217 (2d Cir.1985). The jury expressly found that the M-W Dictionary had acquired secondary meaning. M-W presented evidence related to virtually all of the factors listed by the Court in Thompson (advertising expenditures; consumer studies linking the name to a source; sales success; unsolicited media coverage of the product; attempts to plagiarize the mark; and length and exclusivity of the mark's use) as non-determinative and non-exclusive factors relating to the "relevant factual calculus." *Id.* at 217. Moreover, the fact that only a consumer study as opposed to a consumer survey was introduced into evidence by M-W is not dispositive in light of substantial other evidence relating to advertising and promotion, sales success, and continuous and exclusive use since 1973. The evidence presented supports the jury's finding that the M-W Dictionary's total trade dress had acquired secondary meaning.

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[1] RH notes that this Court had expressly considered and rejected the notion that the total RH trade dress was likely to be confused with the total M-W trade dress in its Memorandum and Order rejecting M-W's motion for a preliminary injunction. (Pr. Inj. Mem. and Order, dated March 27, 1991, at 12). The Court was not the finder of fact at trial; it would be improper for the Court to substitute its previous or present view of the facts. Moreover, contrary to RH's assertion, a considerable amount of additional evidence was before the jury at trial in contrast to the evidence the Court considered in its March 27, 1991 opinion.

[4] As emphasized supra, as long as the evidence presented could reasonably support a verdict in favor of M-W's trade dress claim, this Court will not disturb the jury's findings of fact. Sufficient evidence was presented by M-W such that a number of the Polaroid factors clearly tip in M-W's favor, thereby satisfying the likelihood of confusion standard necessary to sustain a trade dress infringement claim. M-W presented evidence that its total trade dress is strong and distinctive; that the dust jackets of the two dictionaries are very similar in a number of respects; that the two dictionaries compete directly; that there were some specific incidents of actual confusion; that RH did not adopt its new trade dress in good faith; and that, given the similarities between the dictionaries which confused some retailer buyers, relevant consumers are not sophisticated or careful enough to appreciate the differences between the dictionaries.[2]

[5] In any particular case, it is up to the jury to decide the relative weight, if any, to be assigned to each factor in determining likelihood of confusion, as well as to evaluate the evidence itself. In this Court's opinion, as to any or all of these factors, the jury could reasonably have concluded that they weighed in M-W's favor and that, therefore, a likelihood of confusion existed between the trade dress of the two dictionaries.[3] While RH presented conflicting evidence as to

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[2] In *Bevevino v. Saydjari*, the Court of Appeals upheld Judge Knapp's refusal to grant a new trial despite his apparent view that if he had been the fact finder, based on the evidence presented, he would have found for the appellant. The Court of Appeals noted that as long as the district judge believes the evidence supports the verdict and the verdict is not "seriously erroneous," the judge need not grant a new trial. Bevevino, 574 F.2d at 684-85. This Court does not disagree with the jury's verdict and does not adopt RH's one-sided view of the evidence adduced at trial.

[3] Some of the extensive evidence before the jury tending to demonstrate likelihood of confusion on the part of consumers of dictionaries included:

(Footnote continued)

many of these factors (detailed unnecessarily in its Memorandum and Reply Memorandum on this motion), that fact does not require the Court to set aside the jury verdict.

III.

[6][7] RH next argues that M-W is not entitled to actual damages in any amount because it failed to establish actual confusio --as opposed to likelihood of confusion--relating to trade dress. In order to qualify for actual damages as opposed to equitable relief, the plaintiff must prove actual confusion. See *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76, 79 (2d Cir.1981). The essence of RH's contention is that none of the evidence adduced at trial was sufficient to establish actual confusion and that the jury instruction relating to actual confusion was misleading. The Court charged the jury as follows:

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the appearance of M-W and RH Dictionaries, as well as other competing dictionaries; the manner in which dictionaries are marketed to the public; M-W's extensive product development and marketing of the M-W Dictionary and its predecessors; and the process by which the RH Dictionary was designed. RH argues that an independent designer, Peter Bradford, designed the dust jacket, and that this fact precludes a finding that RH intended to infringe M-W's trade dress. The fact that Bradford designed the dust jacket is irrelevant. Obviously, whatever Bradford may or may not have intended, RH adopted his design; there was evidence suggesting that RH gave Bradford substantial guidance, that RH was aware of the potentially confusing similarity to the M-W Dictionary, that RH made its dictionary more similar in the final design process, and that it sought to use the similarity in marketing the dictionary. In sum, the combination of the RH Dictionary's typography (specifically of the word "Webster's"); the prominence, color, and relation of the word "Webster's" to the words "Random House" on the spine; and various memoranda between RH personnel and Bradford provide sufficient evidence for the jury's conclusion. It was up to the jury to infer from this evidence whether RH intentionally sought to deceive consumers.

In order for plaintiff to be entitled to its actual damages, it must establish the following requirements:

* * * * * *

Second, that there was at least one instance of actual confusion. (Tr. 3483.)

The combination of evidence as to actual confusion presented by M-W satisfies the requisite legal standard. M-W's witnesses, including Phyllis Mosely and several sales representatives, were in some respects more convincing and more credible than the testimony of a consumer in a purchasing situation. Ms. Mosely was a dictionary user and potential purchaser; the sales representatives were involved in situations with people familiar with dictionaries who were nonetheless confused by the similar trade dress of the RH Dictionary.[4] Section 43(a) of the Lanham Act has not been interpreted so rigidly as to require that confusion at the time of purchase be shown. *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir.1986) (citing Grotrian, Helfferich, Schulz, Th. *Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1342 (2d Cir.1975)). The jury could reasonably have inferred that these individuals would have been just as confused had they picked up the dictionary and brought it to a cash register for purchase. As M-W points out, it was reasonable for the jury to infer, and it was, in fact, extremely likely, that the RH Dictionary's appearance was what was causing confusion in various bookstores, in contrast to cases cited by RH where the cause of the confusion was not established. Cf. Inc. *Publishing Corp. v. Manhattan Magazine, Inc.*, 616 F.Supp. 370, 389

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[4] The Court cautioned the jury that the hearsay evidence involved in the statements of third persons in conversations between M-W sales representatives and those persons was admissible only to show those speakers' state of mind, i.e. confusion. (See, e.g., Tr. 549, 809.)

(S.D.N.Y.1985), aff'd without op., 788 F.2d 3 (2d Cir.1986); *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 441 F.Supp. 1220, 1231 (S.D.N.Y.1977), aff'd, 580 F.2d 44 (2d Cir.1978), cert. denied, 439 U.S. 1116, 99 S.Ct. 1022, 59 L.Ed.2d 75 (1979).

[8] The fact that a survey of consumer confusion was not conducted is not dispositive and does not require disregard of the jury finding. While M-W's evidence of actual confusion was not voluminous, it was sufficient to undermine RH's contention that the lack of survey evidence created an inference that no actual confusion existed and that, therefore, the jury award of damages cannot be sustained.[5] The Second Circuit has not held that a consumer survey is mandatory to establish actual confusion (nor, apparently, has that Court specifically said that a survey is not necessary, in contrast to the Third Circuit which did so hold in *Charles Jacquin et Cie v. Destileria Serralles, Inc.*, 921 F.2d 467 (3rd Cir.1990)).[6]

The Second Circuit has noted that, in a particular case, the consumer survey may be unreliable and should not be used to demonstrate actual consumer confusion. *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1045 (2d Cir.1992). In two other cases, the Court of Appeals has upheld the finding of actual confusion where neither witnesses nor consumer

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[5] The Court emphasizes once again that while it might have been possible for a jury to infer (in part from the lack of survey evidence) that no actual confusion existed, this jury did not so infer, and this Court, given all of the evidence presented, will not mandate such an inference.

[6] None of the district court cases cited by RH held that the lack of a consumer survey was anything more than a factor in the courts' determinations that likelihood of confusion was not adequately shown. *Revlon, Inc. v. Jerell, Inc.*, 713 F.Supp. 93, 98 (S.D.N.Y.1989); *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F.Supp. 1468, 1478 (S.D.N.Y.1986); *S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 614 F.Supp. 1278, 1313, 1318 (S.D.N.Y.1985).

surveys were introduced, but in circumstances where the products could not be meaningfully inspected by the consumer. *Getty Petroleum Corp. v. Island Transport. Corp.*, 878 F.2d 650, 656 (2d Cir.1989); *PPX Enterprises, Inc. v. Audiofidelity Enterprises, Inc.*, 818 F.2d 266, 272 (2d Cir.1987). In the present case, other evidence of actual confusion was introduced; therefore, this Court need only conclude that the lack of a consumer survey does not warrant a judgment n.o.v. or a new trial.

[9] Because this Court does not believe that, due to errors in the jury charge concerning actual confusion, a "fundamental error" or "a miscarriage of justice" will occur if the Court does not reverse the jury verdict, the Court will not disturb the jury's implicit finding of actual confusion. See, e.g., *Frederic P. Wiedersum Assoc. v. National Homes Constr. Corp.*, 540 F.2d 62, 66 (2d Cir.1976) (quoting *Cohen v. Franchard Corp.*, 478 F.2d 115, 124 (2d Cir.), cert. denied, 414 U.S. 857, 94 S.Ct. 161, 38 L.Ed.2d 106 (1973)). The jury charge clearly stated that at least one instance of actual confusion must be shown by M-W in order for M-W to recover actual damages.[7] (Tr. 3483.) There is no reason to believe the jury disregarded the requirement regarding M-W's burden in arriving at its decision

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[7] RH's statement that the only instruction given concerning actual confusion was given in the course of the Court's explanation of the Polaroid factors to be considered in determining likelihood of confusion is not correct. (RH Mem. at 55.) While the Court did not elaborate on the meaning of the term "actual confusion" in the damages charge, "actual confusion" was set out as one of the four elements that M-W was required to prove in order to recover its lost profits. There is no basis to infer that the jury confused the Court's charge on the Polaroid factors (including the relevance of the term "Webster's Collegiate Dictionary" and the jury's visual inspection of the book to that jury question of actual confusion) with the subsequent charge on damages where the Court stated that M-W must prove at least one instance of actual confusion. (See Tr. 3469-70 & 3483.)

to award damages to M-W. The Court and the parties discussed this charge at length. (Tr. 3284-85; 3339-41.) RH did not object to this aspect of the charge and it will not be heard to speculate as to what might have clarified the jury charge at this time.[8]

IV.

[10] In respect of the jury's damage award of $729,713, representing M-W's lost profits, RH contends that M-W is not entitled to that amount. RH argues that M-W failed to demonstrate with specificity that RH's trade dress infringement caused M-W's declining sales or that M-W's lost profits figure rose above pure speculation.

M-W presented evidence to the jury that its lost profits were caused by RH's infringement of its trade dress. The jury charge was clear that M-W had to show causation and amount of damages, which could not be speculative.[9] (Tr. 3483.) In support of its argument regarding the lack of causation evidence, RH raises six issues; however, as the extensive quotations in its brief from the trial transcript demonstrate, virtually all of these arguments were part of the evidence RH adduced at trial. The jury had the opportunity to weigh and consider RH's evidence in this regard as well as M-W's

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[8] The Court is unpersuaded by RH's argument that it effectively objected to every aspect of the jury instructions that did not conform to its proposed instructions due to "insufficient time" to object. (RH Reply Mem. at 68.) Aside from the issue of whether it is appropriate for RH to raise this argument in a reply brief, the Court notes that this particular point in the charge was specifically agreed upon between the Court and counsel. RH was free to object to the final charge and it did not do so. The Court had an extensive weekend discussion with counsel off the record (with the consent of counsel) as well as subsequently on the record (Tr. 3264-3361) regarding the jury charge.

[9] RH did not object to this charge. (Tr. 3340-44.)

evidence. The Court does not believe there is a basis upon which it can conclude that the jury's finding was clearly erroneous or a miscarriage of justice, thereby warranting a new trial as in *Mallis v. Bankers Trust Co.*, 717 F.2d 683, 688-89 (2d Cir.1983), nor that the evidence was so lacking as to fulfill the standard in Newmont Mines, 784 F.2d at 132.

The lost profit evidence M-W presented to the jury was sound and the jury was entitled to rely upon it in arriving at its calculation of M-W's lost profits. The sales projections were prepared by M-W in the ordinary course of business; at the time of their preparation, M-W had no motive to artificially inflate the sales projections. The jury could reasonably infer that M-W's shortfall in sales was caused by RH's infringing dictionary. The profit per dictionary calculation was also reasonable. RH had adequate opportunity to refute M-W's evidence at trial.

V.

[11] Also in respect of the amount recovered, RH contends that the $1,045,000 representing RH's net profits was improperly awarded to M-W. The Court acknowledges that in light of the Second Circuit's decision in *George Basch Co., Inc. v. Blue Coral, Inc.*, which held that a plaintiff must prove that an infringer acted with "willful deception" before the infringer's profits may be recovered, the jury verdict awarding plaintiff $1,045,000 in RH's profits must be vacated. 968 F.2d 1532, 1540 (2d Cir.1992). The jury charge and interrogatories did not incorporate the "willful deception" standard that Blue Coral clearly enunciated. (See Tr. 3482, 3513 and Jury Interrogatory F1.) It simply is not clear that the jury in this case believed that RH's actions rose above the level of intentional behavior which Blue Coral explained could include conduct evidencing merely an intent to secure a " 'free ride' " as contrasted with "deliberate deceit" or "intentionally fraudulent conduct." *Id.* at 1541. As in the present case, the jury in Blue Coral found that Blue Coral

" 'intended to imitate [plaintiff's] trade dress.' " *Id.* The Court of Appeals refused to consider this a "constructive finding" of "willful deception." *Id.* This Court accordingly declines to so find here.[10] The jury verdict awarding M-W RH's profits is vacated and the Court finds that M-W is entitled to a new jury trial solely on the issue of whether RH's conduct constituted "willful deception" such that M-W should be awarded RH's profits.[11]

[12][13] Contrary to RH's assertions, the plaintiff's damage award under the Lanham Act may be cumulative: plaintiff may be awarded both defendant's profits and any damages sustained by the plaintiff. 15 U.S.C. s 1117(a). Where the plaintiff has proven that it suffered actual damages and that defendant has profited from its willfully deceptive infringement, the jury may properly award damages as to both. The Blue Coral decision clearly contemplated the possible appropriateness of awards of both kinds of profits (although that case did not involve an

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[10] The jury's finding that RH acted "maliciously or in wanton disregard" of M-W's rights so as to warrant an award of punitive damages (Interrogatory F3) is irrelevant, because the jury was considering the common law claims and whether to award punitive damages in particular. The fact that the jury gave different answers to Interrogatories F3 and F4 suggests that they were considering (not improperly) whether RH's behavior warranted an award of the specific damages set forth in each interrogatory. Because federal trade dress damages are distinct and because the Court did not instruct the jury with the proper legal standard, the responses to other interrogatories are of no moment.

[11] All other liability findings will stand. No other issue will be considered if M-W elects to retry whether it is entitled to RH's profits. In view of the foregoing, all of RH's other arguments as to the excessiveness of the amount of the jury's award of RH's profits need not be decided at this time. As in any jury award pursuant to Section 35(a) of the Lanham Act, this Court has the discretion to alter the recovery based on defendant's profit if it finds the jury's award to be either inadequate or excessive. See *Stuart v. Collins*, 489 F.Supp. 827, 833 (S.D.N.Y.1980).

award of both). *Id.* at 1537 ("both damage and profit awards may be assessed 'according to the circumstances of the case' ").[12]

VI.

[14] RH views the jury's written and verbal answers to Question F2, awarding $1,774,713 to M-W on the line labelled "Merriam Webster's lost profits" and leaving blank the line labelled "Random House net profits," as irreconcilably inconsistent. In view of this "inconsistency," this Court vacated the damage award and ordered a new trial "as to such portion of the damage award as is affected by the inconsistency." (Mem. and Order of November 20, 1991 at 4 (footnote omitted).) Upon M-W's motion for reconsideration pursuant to that ruling, however, the Court reversed itself in its Memorandum and Order dated December 23, 1991, based largely on *Auwood v. Harry Brandt Booking Office, Inc.*, 850 F.2d 884 (2d Cir.1988). Defendant RH persists in its argument that the facts of this case differ from those in Auwood, and that other cases, more closely analogous to this case, support the granting of a new trial.

The Court declines to depart from its December 23, 1991 Memorandum and Order granting M-W's motion for reconsideration on the issue of the alleged inconsistency in the jury's response to Question F2. Despite the factual differences between the present case and Auwood (which this Court noted in its Memorandum and Order of December 23, 1991, at 4-5), the Court remains of the view that Auwood's reasoning is clearly applicable. The Court will quote from its previous

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[12] The jury charge and the interrogatory were clear that the jury could award M-W's damages, RH's profits, both or neither, depending upon the jury's assessment of the evidence. RH objected to neither the jury charge on damages nor Interrogatory F2 during trial. (See Tr. 3481-81.)

Memorandum which has not ceased to represent the Court's reading of Auwood.

It seems more than clear enough that the jury intended to award plaintiff the full amount of damages claimed, comprising both plaintiff's lost profits and defendant's net profits. That the two components of the award were entered, as a total, on a line meant for one of them, is, in the Court's view, an "apparent inconsistency between the amounts and the labels," 850 F.2d at 893, and, as in Auwood, should be reconciled by allowing the entry of judgment in favor of plaintiff for the amount awarded by the jury, $1,774,713 (to be doubled pursuant to the Court's decision on the record on November 8, 1991). In the Court's view, upon reconsideration, the Seventh Amendment requires such a result. Only in such a way can the jury's "evident effort to specify amounts of loss actually proven" [or at least claimed] be given effect. 850 F.2d at 893. (Mem. and Order of 12/23/91 at 6.)[13]

VII.

[15] RH contends that this Court's decision to double the damages awarded by the jury to M-W was erroneous under the Lanham Act. Specifically, RH states that the law in this and other circuits is that Section 35(a) of the Lanham Act does not permit a damage award solely for punitive purposes. Moreover, RH argues, if the Court considers the full amount awarded by the jury as "damages," such a finding is inconsistent with the evidence and with the Court's prior acknowledgement that M-W sought only actual damages of $729,731; if part of the award represents defendant's profits, RH argues, the Lanham

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[13] The Court's present decision to vacate solely that part of the jury's award representing RH's profits (see Part V) does not affect the Court's December 23, 1991 ruling, the reasoning of which clearly supports permitting the jury's award of M-W's lost profits ($729,713) to stand.

Act does not permit a doubling (or tripling) of such amounts not allocable to plaintiff's actual damages. Finally, RH argues that while the jury found RH's conduct to have been "intentional," it did not find it to be "willful," as required by the Lanham Act to support an enhancement of damages.

The Court's decision to double M-W's lost profits will stand notwithstanding that the award of RH's profits is vacated pending a jury determination of whether RH's conduct constituted willful deception.[14] The doubling of M-W's lost profits is fully justified under the Lanham Act. Section 1117(a) states that "[i]n assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount." The Court concluded that RH willfully infringed M-W's trade dress and therefore resolved to double the jury's damage award.

The Court's doubling of the jury's award of M-W's profits is justified under the analysis in *Getty Petroleum Corp. v. Bartco Petroleum Corp.* 858 F.2d 103 (2d Cir.1988), cert. denied, 490 U.S. 1006, 109 S.Ct. 1642, 104 L.Ed.2d 158 (1989). That decision emphasized that damages may not be enhanced for a punitive purpose. "So long as [the enhanced award's] purpose is to compensate a plaintiff for its actual injuries--even though the award is designed to deter wrongful conduct--the Lanham Act remains remedial." *Id.* at 113. As this Court stated, its primary motivation for doubling the damages award was deterrence. (Tr. 3915.) The plaintiff who suffers at the hands of a competitor's intentional infringing behavior is damaged in intangible ways beyond the monetary calculation for lost profits. As the Getty Court noted, the "enhancement

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[14] Depending upon the jury's finding, the Court will reconsider whether to enhance any jury award. See supra Note 11.

provision ... was included to enable courts to redress fully plaintiffs whose actual damages were difficult to prove." *Id.* at 110. The costs of pursuing the infringing competitor and of winning back lost reputation and good will is virtually always greater than the actual profits lost. The would-be infringer may be deterred by the knowledge that the Lanham Act attempts to make the injured party whole in the fullest sense. For the foregoing reasons, the Court adheres to its doubling of RH's profits.

VIII.

[16] Defendant next argues that M-W was not entitled to punitive damages; the jury's verdict finding RH's conduct to be malicious and in wanton disregard of M-W's rights, warranting an award of punitive damages, was not supported by the evidence. RH states that under New York law, such an award will be sustained only where plaintiff establishes that it was entitled to a recovery of actual damages. RH argues elsewhere (see Sections III and IV of this opinion) that M-W failed to prove its entitlement to actual damages (as opposed to an award of RH's profits alone); therefore, no punitive damages award may be sustained here. Defendant also emphasizes its earlier argument that because RH's conduct was not "willful" or "malicious," extraordinary monetary relief is not justified. Defendant RH further contends that the Court failed to instruct the jury on the standards governing punitive damages under New York law. In support of this contention, RH points out that the fact that the jury gave inconsistent answers to Questions F3 (punitive damages) and F4 (attorneys' fees) demonstrates that it was confused on the issue of punitive damages. RH maintains the inconsistency (which it sought to clarify while the jury was still empaneled) mandates a new trial.

The Court has already dealt with at least some of these arguments. As this Court has already discussed, M-W did prove its actual damages and causation sufficiently to sustain the

jury's award of its lost profits under the Lanham Act. The jury's affirmative answer to Interrogatory F3 left no doubt that the jury believed that M-W proved that RH infringed its common law trade dress rights "maliciously or in wanton disregard of the rights of M-W so as to warrant an award of punitive damages." The evidence adduced at trial was sufficient to support this finding as well. In a separate interrogatory, the jury specified an amount ($500,000). This Court has no reason to disturb either of the jury findings. The jury charge and interrogatories were fully supported by the relevant law.[15] The fact that the jury answered Interrogatory F3 affirmatively and Interrogatory F4 negatively does not affect the validity of the responses. The questions asked about specific types of damages, i.e. whether RH's conduct warranted awards of punitive damages and attorneys fees, respectively. The jury was not acting inconsistently in opining that RH's conduct justified punitive damages under New York law, but that attorneys' fees should not be awarded under the Lanham Act. The agreed- upon form of the interrogatories clearly contemplated that the jury could answer one of the questions "yes" and the other "no."

IX.

[17] Regarding the jury's finding that RH diluted M-W's distinctive trade dress and M-W's "Webster's Collegiate" mark, RH argues that New York General Business Law s 368-d is inapplicable to this case, that M-W failed to prove the elements of trademark dilution (a strong and distinctive mark and a likelihood of injury to business reputation or likelihood of dilution of the distinctive quality of the mark), and that M-W failed to prove the elements of a trade dress dilution claim, as RH argued supra, (see Section II).

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[15] RH did not object to either the jury charge or the form of the Interrogatories submitted to the jury.

The Court of Appeals recently laid to rest any doubt as to the applicability of s 368-d in cases involving competing goods. The Court of Appeals resolved the conflicting cases in the Southern and Eastern Districts and ruled that s 368-d is applicable to competing goods, thereby agreeing in substance with this Court's holding in its Memorandum and Order of September 9, 1991. See *Nikon, Inc. v. Ikon Corp.*, 987 F.2d 91, 96 (1993).

[18] The Court disagrees that the evidence submitted regarding the trade dilution claims was insufficient to sustain the jury's findings on the trade dilution issues. As to the jury's finding that RH's trade dress diluted the distinctiveness of M-W's trade dress, the evidence of trade dress infringement supports this verdict. See Section II supra.

[19] As to the jury's finding that RH diluted the distinctiveness of M-W's trademark "Webster's Collegiate," the evidence adduced at trial was sufficient to support the elements of trademark dilution. For the same reasons outlined regarding RH's other attempts to undermine M-W's evidence and to present its own evidence anew, this Court will not disturb the jury's verdict. M-W has not "expressly abandon[ed] [its] mark, such as by cancelling it, or discontinue [d] using it with the intent not to resume use." *Defiance Button Machine Co. v. C & C Metal Products Corp.*, 759 F.2d 1053 (2d Cir.), cert. denied, 474 U.S. 844, 106 S.Ct. 131, 88 L.Ed.2d 108 (1985). There was no significant evidence that the public ceased to associate "Webster's Collegiate Dictionary" with M-W. M-W adduced evidence which tended to show that RH's use of "Webster's College Dictionary" was tending to blur and whittle away the distinctiveness of M-W's mark. Given the substantial similarity of the two names, the diluting effect is not difficult to appreciate. *Mead Data Central, Inc. v. Toyota Motor Sales, Inc.*, 875 F.2d 1026, 1029 (2d Cir.1989) (to maintain viable dilution claim, marks must be "very" or "substantially" similar).

X.

[20] RH submits that because M-W does not have a monopoly on either of the words "Webster's" or "College," and in light of the jury's findings, the scope of the permanent injunction is too broad, because it enjoins certain uses that are not likely to cause confusion.

[21] The injunction in this case was purposely made very specific in order to avoid a direction that would ambiguously prohibit RH from adopting a name or trade dress that is "likely to confuse"--a standard that obviously would be extremely subjective and potentially overbroad. For this Court to rule that RH may use the word "Webster's" as the dominant or most prominent one on the spine as long as it does not cause consumer "confusion," invites continued controversy. With the exception of the word "Collegiate," RH is not prohibited from using other words in combination with "Webster's." Cf. *Miss Universe, Inc. v. Patricelli,* 408 F.2d 506, 511 (2d Cir.1969) (the injunction found to be overbroad covered "any name containing the words of one of the registered marks plus whatever additional words or terms may be added to them or inserted between them"). It is in the interest of both parties to this litigation to have specific parameters based closely on the infringements found by the jury in this case (as the Court believes its injunction is). The Court did not preclude RH's use of the generic term "Webster's" nor the word "College," but rather only certain infringing uses (similar to the infringing jacket) of the word "Webster's" or the combination of the two terms.[16] The Court will not use its equitable powers to alter or abolish the injunction as it now stands.

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[16] As the Court stated on the record, it does not believe that the injunction runs afoul of First Amendment principles by restricting the creative impulses of RH. The injunction's limited effect on the dictionary's title

(Footnote continued)

XI.

[22] The parties disagree as to the propriety of the Court's admission of an industry report containing information on RH's wealth. (The "B.P. Report," see Pl. App. Tab 61.) RH submits that it was improperly admitted hearsay and highly prejudicial, constituting reversible error. M-W contends that RH cannot now properly reargue this issue on the present motion, that the report was admissible hearsay, that RH "opened the door" to the introduction of such evidence, and that, in any event, any error was harmless because RH introduced company information which negated the impact of the report.

[23] The Court ruling on this issue made at trial will stand. (Tr. 1344- 45.) The Court agrees with M-W that a reasonable interpretation of Bruce Harris' testimony was that the reason for RH's distress at the unprofitability of its reference division was not that it was losing money, but that RH's most essential raison d'etre--to publish socially and educationally worthwhile books--was being curtailed. (See Tr. 1334-35.) This testimony could reasonably have left the jury with the impression that RH publishes at a loss and for primarily socially beneficial purposes. M-W was entitled to rebut this inference. RH, in turn, submitted evidence to the jury of its own internal financial data for the years 1986 through 1990, thereby mitigating any possible misimpression caused by the B.P. Report. (Tr. 3560.)

XII.

[24] RH alleges that the Court committed reversible error in refusing to admit evidence to rebut M-W's survey evidence in that the Court screened relevant evidence, made credibility

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and jacket design does not implicate artistic expression in a manner analogous to that in the relevant case law. See, e.g., *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir.1989). (See Tr. 3916.)

determinations and rendered findings of fact. As M-W points out, the Court dealt with this issue at two different points in this action. First, in connection with RH's pre-trial motion in limine to exclude the Epstein survey and later, during trial, as to whether plaintiff could introduce this evidence to the jury. The Court based its exclusion of the evidence on its relevance, not on its credibility. The Court believes the concerns it expressed on the record regarding relevance were valid and that the Court need not reverse its ruling. (Tr. 2867, 2966-69.)

XIII.

Plaintiff M-W asserts that the Court should enter partial judgment for M-W on the ground that RH failed to meet its burden of proof that the single word "Webster's" is generic for dictionaries.[17] This Court is not convinced that the high standard necessary to grant judgment notwithstanding the verdict, which the Court employed in evaluating RH's motion, has been met by M-W's arguments. See *Newmont Mines Ltd. v. Hanover Ins. Co.*, 784 F.2d at 132. The Court recognizes the persuasiveness of M-W's argument that the term "Webster's," as applied to dictionaries, is descriptive, rather than generic, because the term does not connote specific kinds or subcategories of dictionaries, but rather suggests a connection to Noah Webster, the renowned lexicographer. See *Park 'n Fly, Inc. v. Dollar Park and Fly*, 469 U.S. 189, 194, 105 S.Ct. 658, 661, 83 L.Ed.2d 582 (1985) ("A 'merely descriptive' mark ... describes the qualities or characteristics of a good or service....").[18] However, there was

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[17] M-W does not object to the jury charge, but argues that the jury misapplied this instruction to the evidence.

[18] As the Supreme Court explains, not all descriptive marks merit protection. Such a mark may only be registered if it has acquired secondary meaning. *Id.* M-W does not refute that, whether or not "Webster's" is descriptive, no individual publisher could prove secondary meaning as to the term.

ample evidence suggesting that Webster's is a "common descriptive name" and therefore generic. *Id.* Certainly the sheer number, varied qualities, and the numerous publishers of and types of reference materials employing the term "Webster's" provides evidence in RH's favor. The essential fact remains that in this case the jury heard all of the evidence and concluded that "Webster's" was a generic term.[19]

XIV.

[25] M-W argues that it is entitled to an award of attorneys' fees under the Lanham Act. The Court disagrees. The Court is well aware that the jury's role in the matter of attorneys' fees is advisorial and that the issue is committed to the Court's discretion under Section 43(a) of the Lanham Act.[20] The Court determined to reach the same conclusion as the jury; the Court stated that "while I recognize that I may have the power to override the jury on the question of attorneys' fees, I am going to go with the jury...." (Tr. 3915.) The Court considers its interpretation of the jury's finding, that "the jury ... is free to say that they found Random House to have acted maliciously or in wanton disregard of Merriam-Webster's rights to a degree which did warrant an award of punitive damages but not to a degree in which they would additionally award attorneys' fees" (Tr. 3914-15), to have been sufficient justification for its exercise of discretion in following the fact-finder's advice.[21]

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[19] The Court's ruling is not intended to apply to other cases, but is limited to upholding the jury's interpretation of the evidence before it in this action.

[20] The Court does not find any objection on the record by M-W to the submission of the advisorial question on attorneys' fees to the jury.

[21] The Court does not find any inconsistency with its exercising its discretion to agree with the jury's advice on the issue of attorneys' fees and other rulings made by the Court, such as its decision to double damages, an issue also committed to the Court's discretion.

There is no case requiring this Court to exercise its discretion to award attorneys' fees in favor of the prevailing plaintiff in a Lanham Act case.

* * * * * *

In sum, the Court denies defendant's motion except insofar as the Court vacates the jury's award of defendant's profits as the Court believes is required under Blue Coral and, if plaintiff so opts, will order a new trial solely on the issue of whether defendant's infringing conduct constituted "willful deception" and, if so, whether all, none, or any portion of defendant's profits should be awarded to plaintiff.

Plaintiff's motion is denied.

Plaintiff, M-W, may submit a revised judgment as against defendant, RH, in the amount of $1,459,426, as doubled damages on plaintiff's Lanham Acts 43(a) claim for trade dress infringement, and in the amount of $500,000 as punitive damages on its claim for common law trade dress infringement, for a total of $1,959,426, together with costs to be taxed by the Clerk.

The injunctive provisions of the Court's January 3, 1992 Judgment and that part of the Judgment in which the Court retains jurisdiction for enforcement thereof remain in full effect.

APPENDIX C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MERRIAM-WEBSTER, INCORPORATED, :

Plaintiff, : 91 Civ. 1221 (LMM)

— against — : **MEMORANDUM AND ORDER**

RANDOM HOUSE, INC., :

Defendant. :

McKENNA, D.J.

1.

Plaintiff moves for reconsideration of that portion of the Court's Memorandum and Order of March 8, 1993 ordering a new trial on plaintiff's claim for defendant's profits, to the extent that the Memorandum and Order suggests that the new trial is to be by jury. Plaintiff's position is that "the finder of fact on the issue of whether the evidence established [defendant's] willful deception is the judge and not the jury." Pl. Mem. at 1. As a consequence, plaintiff urges, "since a new trial would involve the very same evidence presented at the trial of [plaintiff's] legal claims...a new trial is unnecessary. Traditional notions of judicial economy dictate that this issue be decided on the record established at that trial." *Id.* at 2. Defendant, on the other hand, insists that it has a right to a jury, and that plaintiff's proposal—that its claim for defendant's profits be determined on the record at trial—would be unfair to it, and that it is entitled to adduce

additional evidence at the new trial, if not try all questions affecting an award of its profits *de novo.*

2.

The parties have submitted to this Court a copy of a stipulation dated May 7, 1993 and so ordered by the Court of Appeals on May 19, 1993, withdrawing their appeals without prejudice and subject to reinstatement, thus removing a possible obstacle to this Court's determination of plaintiff's motion for reconsideration.

3.

The Seventh Amendment preserves the right of trial by jury "[i]n Suits at common law," and that mandate is embodied in Rule 38(a) of the Federal Rules of Civil Procedure.[22] "The Seventh Amendment question depends on the nature of the issue to be tried rather than the character of the overall action." *Ross v. Bernhard,* 396 U.S. 531, 538 (1970) (footnote omitted). *See also,* Fed. R. Civ. P. 38(b) ("[a]ny party may demand a trial by jury of any issue triable of right by a jury"). It has been said that "[t]he right of trial by jury thus [by the Seventh Amendment] preserved is the right which existed under the English common law when the Amendment was adopted [in 1791]." *Baltimore & Carolina Line, Inc. v. Redman,* 295 U.S. 654, 657 (1935). While that remains the necessary starting point, a number of factors have undoubtedly complicated the inquiry, including the passage of statutes granting a right to jury trial and the merger of law and equity in 1938.

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[22] The common understanding is that Rule 38 has neither expanded nor diminished the right to trial by jury preserved by the Seventh Amendment. 9 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 2301, at 11-12 (1971).

Particular problems have arisen as a result of the ability of parties under the Federal Rules of Civil Procedure to join clearly legal claims, triable of right by jury, with clearly equitable claims, triable in England (and the United States) in 1971, and since, to the court alone. In such cases, it is now clear that "only under the most imperative circumstances, circumstances which in view of the flexible procedures of the Federal Rules we cannot now anticipate, can the right to a jury trial of legal issues be lost through prior determination of equitable claims." *Beacon Theatres, Inc. v. Westover,* 359 U.S. 500, 510-511 (1959) (footnote and citation omitted). Where factual issues related to a legal claim "are common with those upon which [a] claim to equitable relief is based, the legal claims involved in the action must be determined prior to any final court determination of respondents' equitable claims." *Dairy Queen, Inc. v. Wood,* 369 U.S. 469, 479 (1962) (footnote omitted).

4.

The initial step in determining whether defendant has a right to trial by jury is to determine "the nature of the issue to be tried." *Ross v. Bernhard,* 396 U.S. at 538. That, of course, is a different question than whether determination of plaintiff's claim for defendant's profits will require the resolution of disputed facts. It will. But there is no question but that many claims which are universally acknowledged to be equitable in nature, and thus triable to the court, require findings of fact. An action seeking injunctive relief and nothing more is the obvious example. In the context of the question whether there is a right to trial by jury, determination of the nature of the issue turns largely on the relief sought. Professors Wright and Miller give a clear example:

> Suppose that a person who is purportedly a party to a contract claims that his name has been forged and that he never entered into the contract. If suit is

> solely for damages for breach of contract, the forgery issue arises in a context historically legal and there is a right to have a jury resolve the issue. If, however, the only remedy sought is specific performance, the context is historically equitable and there is no right to have a jury decide whether the signature on the contract was genuine.

9 *Federal Practice and Procedure* § 2302, at 13.

Here, plaintiff—on the basis of allegations of trademark infringement in violation of the Lanham Act—seeks an award of defendant's profits realized from the sale of the allegedly infringing work, as provided for in that Act. *See* 15 U.S.C. § 1117.

George Basch Co. v. Blue Coral, Inc., 968 F.2d 1532 (2d Cir. 1992), *cert. denied*, 113 S. Ct. 510 (1992), (the occasion for the grant of a new trial on plaintiff's claim for defendant's profits) is of assistance in answering the question whether defendant has the right to try the claim for its profits to a jury. The Court of Appeals explained that there are "three categorically distinct rationales," 968 F.2d at 1537, for an award of profits: unjust enrichment, the plaintiff's sustaining of damages, and the need to deter a willful infringer. *Id.* (citations omitted). Here, only unjust enrichment need be considered, since it is the only rationale on which plaintiff proceeds. Pl. Mem. at 7 ("[Plaintiff] seeks to recover [defendant's] profits not as compensation for actual damages incurred, but rather solely to prevent [defendant's] unjust enrichment as a result of its willful infringement.")

The *Blue Coral* court explained the nature of an unjust enrichment claim for the profits of a defendant who has infringed a plaintiff's trademark. Citing *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 259 (1916), the Court noted that "a defendant who is liable in a trademark or

trade dress infringement action may be deemed to hold its profits in constructive trust for the injured plaintiff." *Blue Coal,* 968 F.2d at 1538. A constructive trust is "created and cognizable only by a court of equity." *Maurel v. Smith,* 220 F. 195, 201 (S.D.N.Y. 1915) (L. Hand, J.) *aff'd,* 271 F. 211 (2d Cir. 1921). "A constructive trust is the formula through which the conscience of equity finds expression. When property has been acquired in such circumstances that the holder of the legal title may not in good conscience retain the beneficial interest, equity converts him into a trustee." *Beatty v. Guggenheim Exploration Co.,* 225 N.Y. 380, 386 (1919) (Cardozo, J.) (citations omitted) (New York law). *See also, Securities and Exchange Comm'n v. Commonwealth Chemical Securities, Inc.,* 574 F.2d 90, 95 (2d Cir. 1978); 4 John Norton Pomeroy, *A Treatise on Equity Jurisprudence,* §§ 1044, 1053 (5th ed. 1941); and *American Cyanamid Co. v. Sterling Drug, Inc.,* 649 F. Supp. 784 (D.N.J. 1986).

Plaintiff's claim for defendant's profits, based on a theory of unjust enrichment, is, for the foregoing reasons, triable without jury.

Dairy Queen is not to the contrary. Defendant (Mem. at 5) cites a sentence from *Dairy Queen* which, in full, reads as follows: "The necessary prerequisite to the right to maintain a suit for an equitable accounting, like all other equitable remedies, is, as we pointed out in *Beacon Theatres,* the absence of an adequate remedy at law." 369 U.S. at 478 (footnote omitted). Insofar as plaintiff seeks to impose a constructive trust on defendant's profits, by which, plaintiff claims, defendant was unjustly enriched, plaintiff does not have an adequate remedy at law: its claim is one created and cognizable by equity. *Lee Pharmaceuticals v. Mishler,* 526 F.2d 1115 (2d Cir. 1975), does not deal with a claim for unjust enrichment, and is distinguishable on that basis.

5.

Pursuant to 28 U.S.C. § 1292(b), this Court states that it is of the opinion that (i) its order of March 8, 1993 ordering a new trial on plaintiff's claim for defendant's profits and (ii) the present order involve controlling questions of law as to which there is a substantial ground for difference of opinion and that immediate appeals from such orders may materially advance the ultimate termination of the litigation.

6.

This Court cannot know now whether, after determination by the Court of Appeals of the parties' appeals, all, some, or none of the case will have to be retried. To the extent, however, that there are issues to be retried by jury and without jury, the former will be tried first in order to preserve the parties' rights under *Beacon Theatres* and *Dairy Queen;* whatever issues must be retried, all existing jury findings not disturbed by the Court of Appeals will be recognized. Prior to any new trial of an issue triable without jury, the Court will confer with the parties in order to establish an economical and fair procedure whereby the parties may present relevant new evidence without unwarranted duplication of testimony already a part of the record.

Dated: New York, New York
June 8, 1993

SO ORDERED.

/s/ LAWRENCE M. McKENNA

LAWRENCE M. McKENNA
U.S.D.J.

APPENDIX D

1) The Seventh Amendment to the United States Constitution provides:

> In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

2) Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides:

§ 1125. False designations of origin and false description forbidden

(a) Civil action.

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities shall be liable in a civil action by any

person who believes that he or she is likely to be damaged by such act.

3) Federal Rules of Civil Procedure 52(a) reads:

In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum decision filed by the court. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rule 12 or 56 or any other motion except as provided in subdivision (c) of this rule.

4) N.Y. Gen. Bus. L. § 368-d (McKinney's 1984) provides:

Injury to business reputation; dilution

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

APPENDIX E

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MERRIAM-WEBSTER, INCORPORATED, :

Plaintiff, : 91 Civ. 1221 (LMM)

— v — : **JUDGMENT**

RANDOM HOUSE, INC., : #92,0015

Defendant. :

McKENNA, D.J.

A Jury Trial before the Honorable LAWRENCE M. McKENNA, U.S.D.J., having begun on September 19, 1991, and at the conclusion of the trial the jury having answered the attached "Interrogatories to Jury," and the jury having found in favor of plaintiff in the amounts of (i) $1,774,713 on plaintiff's Lanham Act § 43(a) claim for damages for trade dress infringement (which award was sustained against a claim of inconsistency by said Judge's Memorandum and Order of December 23, 1991), and (ii) $500,000.00 on plaintiff's claim for punitive damages on plaintiff's claim for common law trade dress infringement; and a Non-Jury Trial before said Judge of defendant's fifth and sixth equitable affirmative defenses having been had, and said Judge having rendered his decision on the record on November 8, 1991, as to the said fifth and sixth affirmative defenses, and as to the injunctive relief to be granted on the basis of the jury's answers to the attached "Interrogatories to Jury," and said Judge, in his decision on the record on November 8, 1991,

having determined pursuant to 15 U.S.C. § 1117(a) that the aforesaid award of $1,774,713 is to be doubled, it is

ORDERED, ADJUDGED AND DECREED that defendant, its officers, agents, servants, employees, attorneys, successors and assigns, and all persons or entities licensed by defendant to manufacture dictionaries or any part thereof, and those persons acting in active concert or participation with them (but excluding customers not affiliated with defendant to whom defendant or any customer of defendant shipped dictionaries prior to the date hereof) who receive actual notice of this Judgment, by personal service or otherwise, are hereby permanently enjoined and restrained from:

1. Manufacturing, distributing, selling, offering for sale, marketing, promoting or advertising:

(i) any dictionary bearing the jacket an illustration of which is annexed as Exhibit A:

(ii) any dictionary including the word "Webster's" in its title, or otherwise displaying the word "Webster's" on its jacket, binding cover or title page, which bears a jacket that does not comply with the following conditions:

(a) the dominant or most prominent word on the spine may not be the word "Webster's";

(b) the word "Collegiate" may not be used;

(c) the typeface used for the word "Webster's" on any part of the jacket may not be the same as, or nearly resemble, that used for the word "Webster's" on the spine and within the circle on the jacket of plaintiff's *Webster's Ninth New Collegiate Dictionary;*

(iii) any dictionary including the word "Webster's" and the word "College" in its title, or otherwise displaying the word "Webster's" and the word "College" on its jacket, binding cover or title page, which bears a jacket that does not comply with the following additional conditions:

(d) the word "Webster's" must be immediately preceded or followed by the words "Random House";

(e) the word "Webster's," as used on any part of the jacket, must be in the same typeface as, and not larger in height than, the words "Random House";

(f) the words "Random House" must appear on the jacket in the same color as the word "Webster's."

2. Manufacturing or distributing any promotional materials, or placing any advertising, relating to any dictionary as described in ¶ 1, *supra,* that does not conform, in text or in depiction of dictionaries, or otherwise, to the conditions set forth in ¶ 1, *supra.*

3. Manufacturing, distributing, selling, offering for sale, marketing, promoting, or advertising any dictionary as described in ¶ 1, *supra,* the binding cover or title page of which does not conform to the conditions set forth in ¶ 1, *supra*, of this Judgment, provided, however, that this ¶ 3 of this Judgment shall not apply to title pages printed, or binding covers manufactured, prior to November 9, 1991. It is further

ORDERED, ADJUDGED AND DECREED that defendant must, within 45 days of the date of this Judgment, send to all customers to whom it has sold 1,000 or more copies of the *Random House Webster's College Dictionary* a sufficient number of copies of a jacket in compliance with the

conditions set forth in ¶ 1, *supra,* to permit substitution of such jackets for those in such customers' possession, with a written request referencing this Judgment that the customers make such substitution. It is further

ORDERED, ADJUDGED AND DECREED that the jacket, an illustration of which is annexed as Exhibit A to the Court's order of December 13, 1991, complies with the terms of this Judgment. It is further

DECLARED that the word "Webster's," alone and as applied to dictionaries, is a generic term; but this Judgment is not intended to declare the status of said word "Webster's" as used in combination with any other word or words, or as accompanied by or incorporated in any design, or as printed in a particular typeface. It is further

ORDERED, ADJUDGED AND DECREED that defendant's first, third, fourth and fifth counterclaims are dismissed. It is further

ORDERED, ADJUDGED AND DECREED that Count I of the Amended Complaint, that portion of Count III of the Amended Complaint that alleges common law trademark (as distinct from common law trade dress) infringement, and that portion of Count IV of the Amended Complaint that alleges dilution of plaintiff's registered trademark "Webster's Ninth New Collegiate Dictionary" in a circle, are dismissed. It is further

ORDERED, ADJUDGED AND DECREED that plaintiff, Merriam-Webster, Incorporated, have judgment as against defendant, Random House, Inc., in the amount of $3,549,426 as doubled damages on plaintiff's Lanham Act § 43(a) claim for trade dress infringement, and in the amount of $500,000.00 as punitive damages on its claim for common

law trade dress infringement, for a total of $4,049,426, together with costs to be taxed by the Clerk. It is further

ORDERED, ADJUDGED AND DECREED that plaintiff's requests for attorneys' fees and pre-judgment interest are denied. It is further

ORDERED, ADJUDGED AND DECREED that the Court retains jurisdiction for purposes of enforcement of the terms of the injunctive provisions of this Judgment.

Enforcement of the money judgment provisions of this Judgment is stayed for ten days.

Dated: NEW YORK, NEW YORK
JANUARY 3, 1992

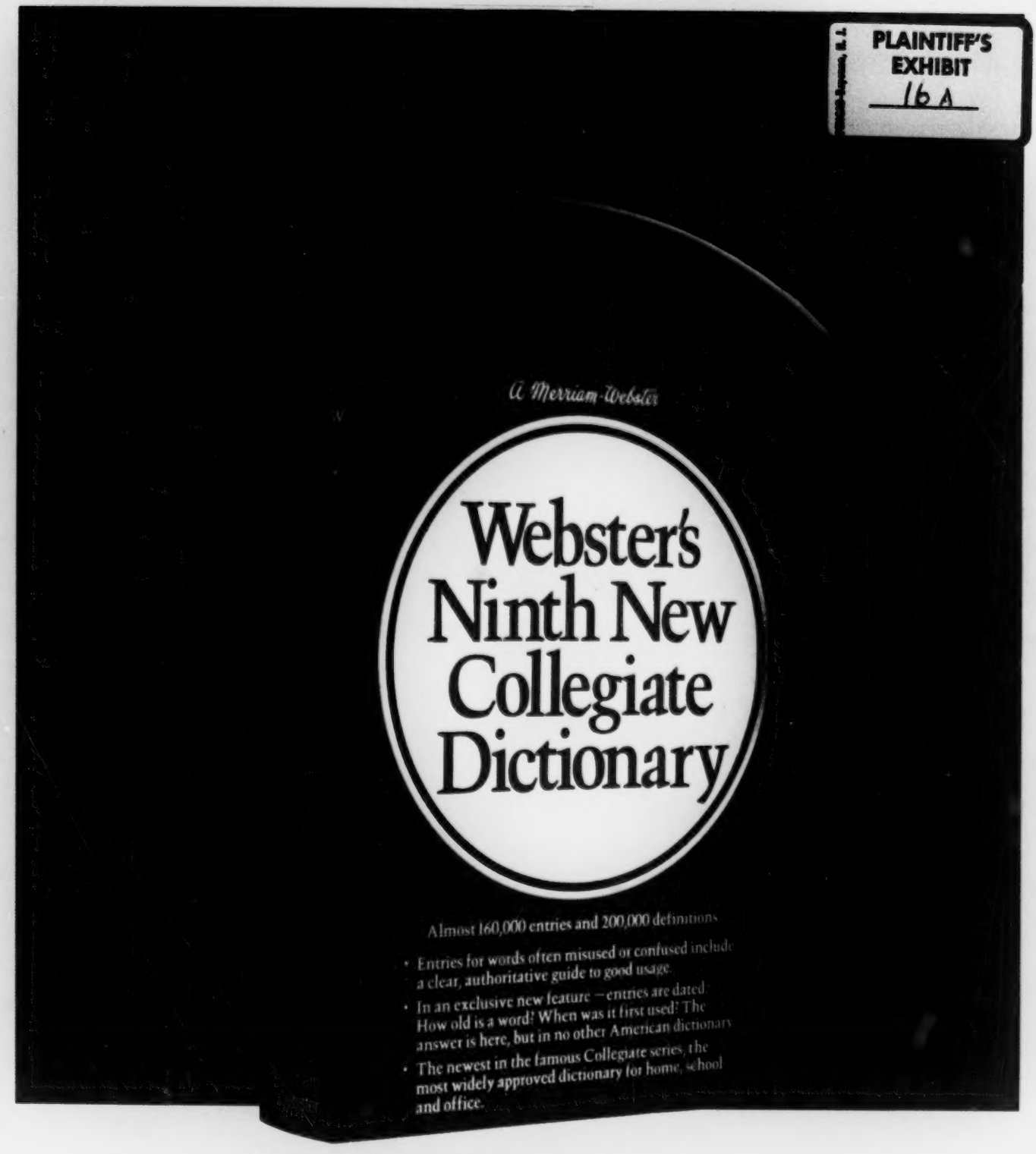
/s/
U.S.D.J.

A TRUE COPY
JAMES M. PARKISON, Clerk
5

By /s/
Deputy Clerk

THIS DOCUMENT WAS
ENTERED ON THE DOCKET ON
1-7-92

APPENDIX F



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More people take our word for it.

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E 1

RANDOM HOUSE
WEBSTER'S COLLEGE DICTIONARY
WHERE THE NEW WORDS LIVE

WEBSTER'S SAYS *DICTIONARY*
RANDOM HOUSE SAYS IT BEST

ISBN 0-679-40100-8
40100
90129 02000 3

Webster's

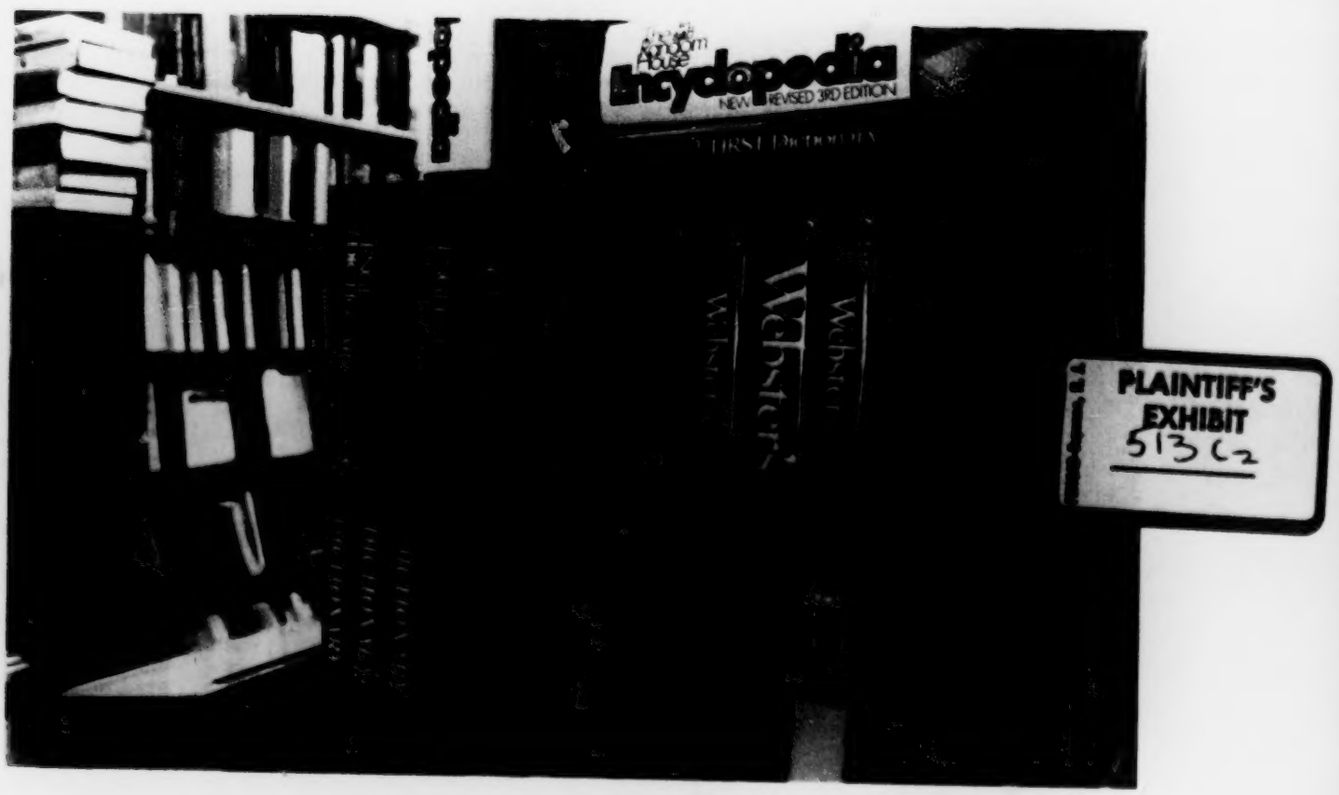
Webster's COLLEGE DICTIONARY

- THE NEWEST
- THE BIGGEST
- THE BEST

ESSENTIAL FOR SCHOOL, HOME, AND OFFICE

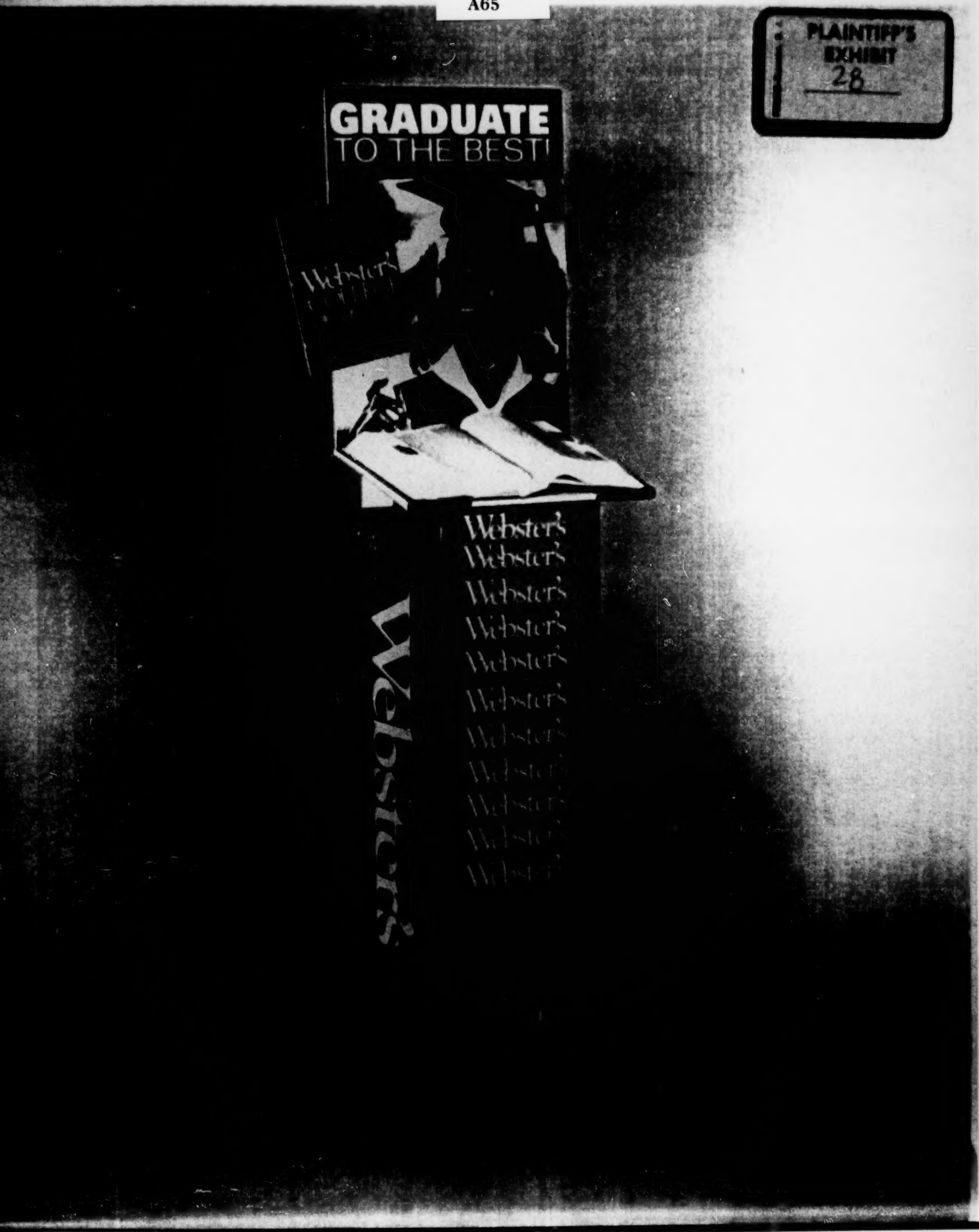
A63

BEST AVAILABLE COPY



Barnard Bookforum
2955 Broadway at 116th Street
New York, New York
August 8, 1991

PLAINTIFF'S EXHIBIT 28



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MERRIAM-WEBSTER, INCORPORATED,	:	
Plaintiff,	:	91 Civ. 1221 (LMM)
– v –	:	**INTERROGATORIES TO JURY**
RANDOM HOUSE, INC.,	:	
Defendant.	:	

INTERROGATORIES TO JURY

SECTION A.

A1. Is the phrase "Webster's Collegiate" a trademark of the Merriam-Webster company for dictionaries?

Yes ✓
No ____

A2. Has Random House shown that the phrase "Webster's Collegiate," as applied to dictionaries, is generic?

Yes ____
No ✓

IF YOUR ANSWER TO QUESTION A2 IS "YES," GO TO SECTION B, BELOW; IF YOUR ANSWER TO QUESTION A2 IS "NO," GO TO QUESTION A3.

A3. Is the phrase "Webster's Collegiate," as applied to dictionaries, descriptive?

Yes ✓
No ____

IF YOUR ANSWER TO QUESTION A3 IS "YES," GO TO QUESTION A4; IF YOUR ANSWER TO QUESTION A3 IS "NO," GO TO QUESTION A5, BELOW.

A4. Has the phrase "Webster's Collegiate," as applied to Merriam-Webster dictionaries, acquired secondary meaning?

Yes ✓
No ____

IF YOUR ANSWER TO QUESTION A4 IS "YES," GO TO QUESTION A5; IF YOUR ANSWER TO QUESTION A4 IS "NO," GO TO SECTION B, BELOW.

A5. Has Random House infringed Merriam-Webster's trademark "Webster's Collegiate" for dictionaries?

Yes ____
No ✓

A6. Is Merriam-Webster's trademark "Webster's Collegiate" for dictionaries strong and distinctive?

Yes ✓
No ____

IF YOUR ANSWER TO QUESTION A6 IS "YES," GO TO QUESTION A7; IF YOUR ANSWER TO QUESTION A6 IS "NO," GO TO SECTION B.

A7. Has Random House diluted the distinctiveness of Merriam-Webster's trademark "Webster's Collegiate" for dictionaries?

Yes ✓
No ____

SECTION B.

B1. Is Merriam-Webster's trade dress distinctive?

Yes ✓
No ____

B2. Has Merriam-Webster's trade dress acquired secondary meaning?

Yes ✓
No ____

IF YOUR ANSWER TO QUESTIONS B1 OR B2 IS "YES," GO TO QUESTION B3; IF YOUR ANSWER TO BOTH QUESTIONS B1 AND B2 IS "NO," GO TO SECTION C.

B3. Does Random House's trade dress infringe Merriam-Webster's trade dress?

Yes ✓
No ____

SECTION C.

C1. Has Random House infringed Merriam-Webster's registered trademark "Webster's Ninth New Collegiate Dictionary" in a circle?

Yes ____
No ✓

SECTION D.

D1. Is Merriam-Webster's trade dress strong and distinctive?

Yes ✓
No ____

IF YOUR ANSWER TO QUESTION D1 IS "YES," GO TO QUESTION D2; IF YOUR ANSWER TO QUESTION D1 IS "NO," GO TO SECTION E.

D2. Does Random House's trade dress dilute the distinctiveness of Merriam-Webster's trade dress?

Yes ✓
No _____

SECTION E.

E1. Is Merriam-Webster's registered trademark "Webster's Ninth New Collegiate Dictionary" in a circle, strong and distinctive?

Yes ✓
No _____

IF YOUR ANSWER TO QUESTION E1 IS "YES," GO TO QUESTION E2; IF YOUR ANSWER TO QUESTION E1 IS "NO," GO TO SECTION F.

E2. Has Random House diluted the distinctiveness of Merriam-Webster's registered trademark "Webster's Ninth New Collegiate Dictionary" in a circle?

Yes _____
No ✓

SECTION F.

IF, YOUR ANSWER TO QUESTION A5, B3 *OR* C1 IS YES, GO TO QUESTION F1; IF YOUR ANSWER TO EACH OF QUESTIONS A5, *AND* B2 AND B3, *AND* C1 IS NO, GO TO QUESTION F5.

F1. Was Random House's infringement intentional?

Yes ✓
No _____

IF YOUR ANSWER TO QUESTION F1 IS "YES," GO TO QUESTION F2; IF YOUR ANSWER TO QUESTION F1 IS "NO," GO TO THE INSTRUCTION IMMEDIATELY BEFORE QUESTION F5.

F2. What amount, if any, do you award Merriam-Webster?

Merriam-Webster's lost profits	$1,774,713
Random House's net profits	$ _____
Total	$1,774,713

IF, YOUR ANSWER TO QUESTION A5, *OR* BOTH B1 AND B3, IS YES, GO TO QUESTION F3; IF YOUR ANSWER TO QUESTIONS A5, *AND* B3 IS NO, DO NOT ANSWER QUESTION F3.

F3. Did Random House infringe Merriam-Webster's common law trademark and/or trade dress rights maliciously or in wanton disregard of the rights of Merriam-Webster so as to warrant an award of punitive damages?

Yes ✓
No _____

IF, YOUR ANSWER TO QUESTION A5, *OR* BOTH B2 AND B3, *OR* C1 IS YES, GO TO QUESTION F4; IF YOUR ANSWER TO EACH OF QUESTIONS A5, *AND* BOTH B2 AND B3, *AND* C1 IS NO, GO TO QUESTION F5.

F4. Did Random House infringe Merriam-Webster's federal trademark and/or trade dress rights maliciously or in wanton disregard of the rights of Merriam-Webster so as to warrant an award of attorneys fees?

Yes _____
No ✓

IF, YOUR ANSWER TO QUESTIONS A5, *OR* BOTH B2 AND B3, *OR* C1 IS YES, GO TO SECTION G; IF YOUR ANSWER TO EACH OF QUESTIONS A5, *AND* BOTH B2 AND B3, *AND* C1 IS NO, GO TO QUESTION F5.

F5. Were Merriam-Webster's claims for violation of Section 43(a) of the Lanham Act and for infringement of Merriam-Webster's federally registered trademark totally without merit and brought in bad faith so as to warrant an award of attorneys fees?

Yes _____
No _____

SECTION G

Please sign below and notify the Judge that you have completed all of the questions.

/s/ Deirdre Hundley
(Foreperson)

/s/ Leah Rose

/s/ Yvonne A. Henry

/s/Wilhilmena Perez

/s/George Brown

/s/ Salvage

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MERRIAM-WEBSTER, INCORPORATED,	:	91 Civ. 1221 (LMM)
Plaintiff,	:	
– v –	:	
RANDOM HOUSE, INC.	:	
Defendant.	:	

COUNTERCLAIM INTERROGATORIES TO JURY

Section A.

A1. Has Random House demonstrated that the word "Collegiate," as applied to dictionaries, is generic?

Yes ____
No ✓

IF YOUR ANSWER TO QUESTION A1 IS "YES," GO TO SECTION B, BELOW; IF YOUR ANSWER TO QUESTION A1 IS "NO," GO TO QUESTION A2.

A2. Is the word "Collegiate," as applied to dictionaries, descriptive?

Yes ✓
No ____

A3. Has the word "Collegiate," as applied to Merriam-Webster dictionaries, acquired secondary meaning?

Yes ✓
No ____

Section B

B1. Has Random House demonstrated that the word "Webster's," as applied to dictionaries, is generic?

Yes ✓
No _____

IF YOUR ANSWER TO QUESTION A1 IS "YES," GO TO SECTION C, BELOW; IF YOUR ANSWER TO QUESTION B1 IS "NO," GO TO QUESTION B2.

B2. Is the word "Webster's," as applied to dictionaries, descriptive?

Yes _____
No _____

B3. Has the word "Webster's," as applied to Merriam-Webster dictionaries, acquired secondary meaning?

Yes _____
No _____

SECTION C

Please sign below and notify the Judge that you have completed all of the questions.

/s/ Deirdre Hundley
(Foreperson)

/s/ Leah Rose

/s/ Yvonne A. Henry

/s/Wilhilmena Perez

/s/George Brown

/s/ Salvage

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MERRIAM-WEBSTER, INCORPORATED,	:	Civil Action No. 91 Civ. 1221 (LMM)
Plaintiff,	:	**INTERROGATORY TO JURY**
v.	:	
RANDOM HOUSE, INC.,	:	
Defendant.	:	

1. What amount of punitive damages, if any, do you award Merriam-Webster on its claims for common law trademark and/or common law trade dress infringement?

$500,000

Please sign below and notify the Judge that you have completed the above question.

/s/ Deirdre Hundley (Foreperson)

/s/ Leah Rose

/s/ Yvonne A. Henry

/s/Wilhilmena Perez

/s/George Brown

/s/ Salvage

No. 94-1026

Supreme Court, U.S.
FILED
JAN 9 1995
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

MERRIAM-WEBSTER, INCORPORATED,

Petitioner,

—v.—

RANDOM HOUSE, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF FOR RANDOM HOUSE, INC. IN OPPOSITION

Of Counsel

Ellis B. Levine
Diana R. Frost
Random House, Inc.
201 East 50th Street
New York, New York
(212) 572-2355

Ralph P. Huber
Pamela A. Rask
Sabin Bermant & Gould
350 Madison Avenue
New York, New York 10017
(212) 692-4400

Robert G. Sugarman
Counsel of Record

Gloria C. Phares
David J. Lender
Marcia S. Cohen
WEIL, GOTSHAL & MANGES
767 Fifth Avenue
New York, New Yrok 10153
(212) 310-8000

Counsel for Respondent

January 9, 1995

16

QUESTION PRESENTED

Whether the Court should disturb the Second Circuit's established standard for reviewing the issue of likelihood of confusion of trade dress when petitioners failed to raise the issue below and where application of the alternative standard petitioner espouses would not have changed the outcome of this case.

RULE 29.1 LISTING

The parent companies of Random House, Inc. are Newark-Morning Ledger Co. and Advance Publications, Inc. Random House has no non-wholly-owned subsidiaries.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

No. 94-1026

MERRIAM-WEBSTER, INCORPORATED,

Petitioner,

—v.—

RANDOM HOUSE, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF FOR RANDOM HOUSE, INC. IN OPPOSITION

OPINIONS BELOW

In addition to the opinions described in the petition, the district court's opinion denying petitioner a preliminary injunction (Res. App. 1a-14a) is reported at 1991 U.S. Dist. LEXIS 4135, 18 U.S.P.Q.2d 1755 (S.D.N.Y. 1991).

STATEMENT

Petitioner seeks review of a decision by the United States Court of Appeals for the Second Circuit (Winter, Meskill, Pratt, JJ.) which unanimously vacated the jury's determination

that there was a likelihood of confusion between the trade dresses of dictionaries published by Random House, Inc. ("Random House") and Merriam-Webster, Incorporated ("Merriam-Webster") and that Merriam-Webster's trade dress and its trademark "Webster's Collegiate" were diluted. The court of appeals directed dismissal of the complaint.

The Trade Dresses Of The Two Dictionaries

Before the complaint in this case was filed, at least four different publishers, including Merriam-Webster and Random House, were publishing red dictionaries.[1] Pet. App. A5; Res. App. 1b-4b. Three of the four dictionaries were identified as "Webster's." No publisher has any special claim to the word "Webster's" as applied to dictionaries because, nearly 100 years ago, this Court held that the term is generic. *G. & C. Merriam Co.* v. *Syndicate Publishing Co.*, 237 U.S. 618, 622 (1915); *see* Pet. App. A73. Until the complaint in this case, Merriam-Webster had never claimed that any of the other red dictionaries was likely to be confused with its dictionary.

In 1990, Random House revised the jacket of its dictionary, and in February 1991, Merriam-Webster sued. Pet. App. A4, A5, A63. Merriam-Webster's initial complaint did not challenge the trade dress of the Random House dictionary. It claimed only that the Random House dictionary infringed Merriam-Webster's common law trademark "Webster's Collegiate" and its registered "bull's-eye"[2] logo and that it

---

[1] *See* copies of the front and back jacket of Merriam-Webster's *Webster's Ninth New Collegiate Dictionary* (this edition introduced in 1983), the jacket of an earlier version of *The Random House College Dictionary* (this edition introduced in 1968), and the jackets of Houghton Mifflin's *Webster's II New Riverside University Dictionary* (this edition introduced in 1984) and Simon & Schuster's *Webster's New World Dictionary, Third College Edition* (this edition introduced in 1988). Res. App. 1b-4b. All of these dictionaries are the same size and have red jackets and white lettering.

[2] The "bull's-eye" logo appears prominently on the front of Merriam-Webster's dictionary and is also featured on its other reference

diluted those marks in violation of New York law, N.Y. Gen. Bus. L. § 368-d (McKinney 1984).

The court of appeals described Merriam-Webster's jacket as follows:

> The jacket has a bright red background. The front is dominated by the "bull's eye" logo—a large circle with a thin white outer rim, a thin blue outer rim, a central area with a background of white and the title, "Webster's Ninth New Collegiate Dictionary" in blue. The diameter of the "bulls-eye" is slightly over 6". The jacket is roughly 10" by 6-3/4". The words "A Merriam-Webster" appear in white script above the bull's eye. The word "Webster's" appears in white vertically on the spine and occupies close to half the space. Horizontally in smaller type appear "Webster's Ninth New Collegiate Dictionary" at the top of the spine and "Merriam Webster" at the bottom. Both are in white.

Pet. App. A3-4; *see* Pet. App. A62.

In contrast, Random House's jacket, according to the court of appeals:

> . . . is a slightly different shade of red than the [Merriam-Webster] jacket. Apart from the insertion of the word "Webster's," the new edition differs from the previous one [published by Random House, *see* Res. App. 26] only in that the words "Random House" and the "house" logo are slightly diminished in size, and the word "the" is deleted from the cover. Although smaller than in the prior edition, the logo and words "Random House" are in black and occupy roughly one-third of the

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books. Res. App. 1b. Merriam-Webster neither refers to its "bull's-eye" logo in its petition, nor mentions that the jury made a specific finding that the logo is a "strong and distinctive" trademark. Pet. App. A69. Consistent with its apparent effort to minimize the significance of its prominent "bull's-eye" logo, Merriam Webster did not reproduce the back of its jacket. *See* Pet. App. A62.

> front jacket. "Random House" is in block lettering and appears four times on the outside jacket. The spine displays the word "Webster's" vertically in large white letters. Horizontally, in smaller black letters, is "Random House" at the top along with the "house" logo and "College Dictionary" at the bottom of the spine.

Pet. App. A4; *see* Pet. App. A63.

The District Court

Soon after commencing its lawsuit, Merriam-Webster sought a preliminary injunction, which the district court denied after a lengthy evidentiary hearing.[3] Res. App. 1a-14a. After describing the jackets in detail and noting certain similarities, including the use of the word "Webster's" and red as a background color,[4] Res. App. 9a, the district court held:

> One feature each of the [Merriam-Webster] and [Random House] dictionaries leads the Court to find that there is not a likelihood of confusion warranting the issuance of a preliminary injunction notwithstanding such similarities as there are: the distinctive "bullseye" motif of the [Merriam-Webster] dictionary, on the one hand, and the strong [Random House] "house mark"—its name together with the drawing of a house—, on the other.

Res. App. 10a.

One week before trial, over Random House's opposition, Merriam-Webster amended its complaint to add a claim that Random House had infringed the trade dress of its dictionary in violation of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a), as amended. C.A. App. 22.

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[3] Merriam-Webster's petition does not disclose the denial of the motion for a preliminary injunction.

[4] The district court remarked that neither the color nor the word "Webster's" could be considered confusing in light of the other red Webster's dictionaries. Res. App. 9a.

After a four-week trial, the jury returned a verdict in favor of Merriam-Webster, answering 19 special interrogatories.[5] Pet. App. A5, A66-A74. The interrogatories did not elicit answers that explicitly conformed to the specific *Polaroid* factors that underlie the determination of likelihood of confusion. *See Polaroid Corp.* v. *Polarad Elec. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).[6] Instead, the interrogatories addressed (1) the threshold matters that must be established in order for a mark or trade dress to be entitled to trademark protection—*i.e.*, whether it is distinctive or alternatively, descriptive but with secondary meaning—(2) the ultimate issues of liability—*i.e.*, whether Random House infringed or diluted the marks and trade dress for which Merriam-Webster claimed protection; and (3) the damage award—*i.e.*, both the amount of the award and whether Random House's conduct justified an award of punitive damages or attorney's fees.

The jury answered that the Merriam-Webster's "bull's-eye" with the title *Webster's Ninth New Collegiate Dictionary* is a "strong and distinctive" trademark. Pet. App. A69. And, despite finding that Random House *had not* infringed Merriam-Webster's trademarks—the "Webster's Collegiate" mark or the "strong and distinctive" "bull's-eye" logo, which occupies more than half of the jacket of the Merriam-Webster dictionary, Pet. App. A3-A4—the jury nevertheless concluded that Random House *had* infringed the trade dress of Merriam-Webster's dictionary. Pet. App. A5-A6, A67-A68.

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[5] Twenty interrogatories were submitted to the jury, but its answers to the first 19 obviated the necessity for an answer to the last. *See* Pet. App. A71.

[6] The *Polaroid* factors relevant to this case are: "(i) the strength of Merriam-Webster's trade dress, (ii) the proximity of the products in the marketplace, (iii) Random House's bad faith in adopting its trade dress, (iv) the similarity between the two trade dresses, (v) evidence of actual confusion, and (vi) the sophistication of relevant consumer groups." Pet. App. A10.

In a particularly odd contradiction, the jury also found that Random House *had* diluted the distinctiveness of Merriam-Webster's "Webster's Collegiate" mark, even though "Webster's Collegiate" appears nowhere on the Merriam-Webster jacket or dictionary,[7] but Random House *had not* diluted the distinctiveness of the strong "bull's-eye" logo, which occupies more than half of the Merriam-Webster jacket. Pet. App. A6, A67, A69.

And, while the jury specifically found that Random House *had not* infringed the trade dress "maliciously or in wanton disregard" of Merriam-Webster's rights so as to justify an award of attorney's fees, Pet. App. A70, the jury found that Random House *had* infringed the trade dress "maliciously or in wanton disregard" of Merriam-Webster's rights so as to justify punitive damages, *id.*

The jury awarded Merriam-Webster $1,774,713 for its lost profits (which the district court doubled under 15 U.S.C. § 1117 (1988), *see* Pet. App. A38, A39 & n.14, A58), but nothing for Random House's net profits, and $500,000 in punitive damages. *Id.* at A6, A70, A74. The district court entered judgment on the jury's award of damages and, based on the dilution claim, issued an injunction.

On post-trial motions, the district court first vacated the compensatory damage award because it was irreconcilable with the jury's answers to the interrogatories; then reinstated the compensatory damage award because the Seventh Amendment mandated reconciliation of the jury's answers to the interrogatories with the award; then vacated the portion of the damage award relating to Random House profits, in light of the intervening decision in *George Basch Co., Inc.* v. *Blue Coral, Inc.*, 968 F.2d 1532 (2d Cir.), *cert. denied*, 113 S. Ct. 510 (1992), granting Random House a new jury trial on this damage claim; then held that the retrial of this damage claim

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[7] The title of the dictionary was *Webster's Ninth New Collegiate Dictionary*.

would be to the court rather than the jury on the theory that the claim for Random House's profits was an equitable claim for unjust enrichment. *See* Pet. App. A6-A8 & n.1; C.A. App. 935-37. The district court also denied Random House's motions challenging the liability findings of the jury. Pet. App. A25-A35, A36 n.11.

The Court of Appeals

Random House appealed and the court of appeals reversed unanimously.[8] Contrary to Merriam-Webster's contention, Pet. 5, Random House's appeal to the court of appeals challenged the injunction "and the liability findings on which it was predicated." RH C.A. Br. at 11. Thus, the court of appeals reviewed the jury's conclusions, not "sua sponte" as Merriam-Webster claims, Pet. 6, but after being presented with Random House's claims of error.

The court of appeals first concluded with "no difficulty" that "the jury's finding that Merriam-Webster's trade dress was distinctive and had acquired secondary meaning was supported by the record." Pet. App. 10. Then, the court of appeals turned to the issue of likelihood of confusion and, consistent with its prior decisions, treated this issue as a mixed question of law and fact—the jury findings on the *Polaroid* factors to be reviewed under a "clearly erroneous" standard and the weighing of those factors to determine the ultimate issue of likelihood of confusion to be considered *de novo*. At no time during the appeal did Merriam-Webster challenge the standard of review applied in the Second Circuit to the issue of likelihood of confusion, nor did Merriam-Webster

[8] Merriam-Webster had sought certification under 28 U.S.C. § 1292(b) (1988, Supp. IV 1992) of the district court's grant under *Blue Coral* of a new trial on the damage claim, but, contrary to petitioner's assertion, Pet. 5 n.3, the court of appeals denied the certification without opinion. C.A. App. 1007. Random House had filed a motion for a writ of mandamus that the retrial of the Random House profits issue should be to a jury and not the court. This motion was mooted by the decision of the court of appeals. Pet. App. A20.

ever suggest to the Second Circuit that it review the issue *en banc*.

At the outset of its review, the court of appeals noted that the jury interrogatories did not address the *Polaroid* factors *per se*. Pet. App. A10-A11. The court of appeals was able to infer the jury's findings on these issues from the jury interrogatories that touched on these issues and from the jury's ultimate conclusion. *Id.* at A11. The court of appeals accepted the jury's explicit finding that Merriam-Webster's trade dress was strong and distinctive and the implicit finding that the two dictionaries were in close proximity in the marketplace.[9] *Id.* Then, considering all the evidence in the record, the court concluded that the jury's implicit findings on the similarity of the jackets, actual confusion, and sophistication of the relevant consumer groups could not be sustained. Pet App. A11-A15.

Moving to the second prong of its inquiry—whether a *de novo* balancing of the findings on the *Polaroid* factors leads to the conclusion that there is a likelihood of confusion—the court noted that the "single *Polaroid* factor supporting a finding of likelihood of confusion" was the jury's apparent finding that Random House had acted in bad faith. Pet. App. A15. However, since this finding could not by itself sustain a finding of likelihood of confusion, Pet. App. A16, the court concluded:

> Based on a weighing of the *Polaroid* factors, therefore, there is as a matter of law no likelihood of confusion between Merriam-Webster's trade dress and Random House's.

Id.

As a result, the court of appeals vacated the jury's finding and directed dismissal of the complaint. On similar grounds, the court also vacated the jury's findings of dilution.

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[9] The court of appeals also inferred that the jury had found bad faith from the jury's decision that Merriam-Webster was entitled to punitive damages because Random House had acted with malice. Pet. App. A11.

REASONS FOR DENYING THE WRIT OF CERTIORARI

I. PETITIONER FAILED TO PRESERVE THE ISSUE OF THE STANDARD OF REVIEW

Petitioner did not press in the courts below the issue of the proper standard of review. Nowhere in its briefs or during its oral argument to the court of appeals did petitioner challenge the Second Circuit's standard of appellate review. While petitioner's court of appeals brief mentioned in a footnote that other courts of appeals treat the determination of likelihood of confusion as completely factual and review it only for clear error, *see id.* at 21 n.6, nowhere did it argue that this was a better rule than the Second Circuit's standard, nor did it urge the court of appeals to consider adoption of a clearly erroneous standard. Although it had ample opportunity, Merriam-Webster did not petition for rehearing suggesting that the Second Circuit *en banc* reconsider its standard of review.

This Court generally declines to consider an issue "raised for the first time in the petition for certiorari." *United States* v. *Ortiz*, 422 U.S. 891, 898 (1975). The Court's "traditional rule . . . precludes a grant of certiorari when 'the question presented was not pressed or passed upon below.' " *United States* v. *Williams*, 112 S. Ct. 1735 (1992) (citation omitted). *Accord United States* v. *Alvarez-Sanchez*, 114 S. Ct. 1599, 1605 n.5 (1994) (Court declined to address respondent's Fourth Amendment argument where respondent did not raise it in the district court or court of appeals); *City of Springfield, Mass.* v. *Kibbe*, 480 U.S. 257, 258-59 (1987) (petitioner waived its argument that a higher standard than gross negligence was required for liability by failing to press such a standard in the court of appeals); *EEOC* v. *Federal Labor Relations Authority*, 476 U.S. 19, 24 (1986) ("Our normal practice, from which we see no reason to depart on this occasion, is to refrain from addressing issues not raised in the Court of Appeals"); *Delta Air Lines, Inc.* v. *August*, 450 U.S.

346, 362 (1981) (Court stated that "[a]lthough defendants' petition for certiorari presented the question of the District Judge's abuse of discretion in denying defendants costs under Rule 54(d), that question was not raised in the Court of Appeals and is not properly before us"); *Adickes* v. *S.H. Kress & Co.*, 398 U.S. 144, 147 n.2 (1970) (Court refused to consider issue raised for first time in petition for certiorari, stating that "[w]here issues are neither raised before nor considered by the Court of Appeals, this court will not ordinarily consider them").

Had petitioner wished to challenge the appropriateness of the Second Circuit's standard, it should have challenged it in either of its two briefs filed in the court of appeals, during its argument before that court, or in a petition for rehearing suggesting *en banc* review. These options not only would have provided the Second Circuit with an opportunity to address the issue in the first instance, but would have ultimately facilitated a more informed consideration by this Court.

Having failed to exercise one of these options, Merriam-Webster has not properly preserved the issue in dispute for Supreme Court review. Consequently, petitioner has waived its right to raise the issue and, for that reason alone, this Court should deny its petition.

II. REVIEW UNDER EITHER STANDARD WOULD HAVE PRODUCED THE SAME RESULT.

The court of appeals recognized that, in the Second Circuit, "[w]hether likelihood of confusion exists is a matter of mixed fact and law reviewed *de novo*." Pet. App. A10. Although the court of appeals did not elaborate upon this statement, the three cases the court cited as authority for this approach—*Bristol-Myers Squibb Co.* v. *McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1044 (2d Cir. 1992); *Paddington Corp.* v. *Attiki Importers & Distrib.*, 996 F.2d 577, 582 (2d Cir. 1993); and *Murphy* v. *Provident Mutual Life Ins. Co.*, 923 F.2d 923 (2d Cir. 1990), *cert. denied*, 112 S. Ct. 65 (1991)—explicitly pro-

vide that "a district court's determination of the individual Polaroid factors [is] subject to review as findings of fact, subject to reversal only if clearly erroneous, while the ultimate balancing of all the Polaroid factors to determine the likelihood of confusion in any given case is done de novo by this Court." *Bristol-Myers Squibb Co.*, 973 F.2d at 1043, *Paddington Corp.*, 996 F.2d at 584-85, *Murphy*, 923 F.2d at 927.[10]

Merriam-Webster contends that review of this case is warranted because the court of appeals' two-prong (*i.e.*, clear error/*de novo*) standard for mixed questions of fact and law conflicts with the clearly erroneous standard that other courts of appeal use to review likelihood of confusion in trademark and trade dress cases. However, Merriam-Webster acknowledges that *all* courts of appeals, whether operating under the Second Circuit's two-prong approach or the clear error test, review the trier-of-fact's *Polaroid* findings under a clear error standard. Pet. 10. In other words, the first prong of the Second Circuit's test is identical to the first step under the clear error test. *See Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 840, 846 (11th Cir. 1983). Thus, as even petitioner agrees, any split occurs only with regard to the weighing of the *Polaroid* factors. Pet. 10.

In this case, however, the result would have been the same under either standard because the court of appeals based its ultimate reversal on the application of the first prong of its two-part test, which employed the deferential review that

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[10] Petitioner mischaracterizes the court of appeals' opinion when it contends that the Second Circuit "stated that it reviews *findings* regarding likelihood of confusion *de novo* as a mixed question of law and fact." Pet. 6 (emphasis added). Contrary to petitioner's contention, the court of appeals' statement—that likelihood of confusion constitutes a "matter of mixed fact and law reviewed *de novo*" (Pet. App. A10)—simply recognized the Second Circuit's two-prong standard of review and acknowledged that the ultimate determination of likelihood of confusion, *i.e.*, the final balancing of the *Polaroid* factors, constitutes a legal matter reviewed *de novo*.

Merriam-Webster concedes is the same in all courts of appeals.[11] The court of appeals' weighing of the factors under the second prong of its test necessarily led to reversal once it concluded that three underlying *Polaroid* findings were clearly erroneous. But a clear-error court would also have concluded that these findings were clearly erroneous and would further have concluded that a jury finding of likelihood of confusion based on these clearly erroneous findings could not stand. Thus, under either standard, reversal was required.

A. The Court of Appeals Used The Same Standard Employed By Every Other Court of Appeals To Review The Jury's Findings On The *Polaroid* Factors

Conceding, as it must, that the Second Circuit employs the *same* standard of review with respect to jury findings on the *Polaroid* factors as does *every other* court of appeals, Pet. 10, Merriam-Webster maintains that the court of appeals, despite its careful citation of Second Circuit authority setting forth its standard of review, actually engaged in a *de novo* review of the *Polaroid* factors. Pet. 6. Petitioner's contention finds no support in the opinion of the court. Although the court of appeals did not use the words "clearly erroneous," it effectively employed this standard in reviewing the jury's findings implicitly underlying its determination of infringement.

After pointing out that the jury interrogatories "did not elicit answers explicitly conforming to [the *Polaroid*] factors"

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[11] This Court need not resolve whether the standards that the courts of appeals apply are really in conflict because, as Random House shows, the result would have been the same under either standard.

Petitioner also contends that the Second Circuit did not even apply the deferential first prong of its two-prong test to the jury's *Polaroid* findings, but instead reviewed the *Polaroid* factors *de novo*. Pet. 6 n.6, 25. As demonstrated below, however, the court of appeals reviewed the jury's findings on each of the *Polaroid* factors to determine whether the evidence in the record could support them.

and "[t]he special verdict makes explicit only that the jury found Merriam-Webster's trade dress to be strong and distinctive," Pet. App. A10-11, the court of appeals inferred from the jury's interrogatory answers that the jury found that "the two dictionaries are in close proximity in the market" and that Random House acted in bad faith, *id.* The court "had no problem" with the jury's findings that Merriam-Webster's trade dress was strong and distinctive. Pet. App. A11. Nor did it have a problem with the jury's apparent finding that the two dictionaries were in close proximity in the market. The court of appeals then analyzed the jury's other implicit findings regarding the remaining *Polaroid* factors—similarity of the jackets, actual confusion, and sophistication of the purchasers.

Similarity of the Jackets

In reaching its conclusion that a finding of similarity was "preclude[d]" by the evidence, Pet. App. A13, the court of appeals noted the critical discrepancy between the jury's explicit interrogatory answer that the Merriam-Webster "bull's-eye" logo is strong and distinctive and its implicit finding that the trade dress of the two dictionaries was similar.

> The fatal flaw in Merriam-Webster's case is the unstated (for obvious reasons) premise that the "bull's-eye" logo and the very name Merriam-Webster are neither strong nor distinctive. The jury, of course, found to the contrary, and there is ample evidence of Merriam-Webster's consistent promotion of the "bull's-eye" logo and its name on a variety of reference works.

Pet. App. A12. In other words, the jury's explicit finding that petitioner's mark was strong and distinctive could be harmonized with the contradictory finding that the jackets are confusingly similar only by assuming that the Merriam-Webster "bull's-eye" logo, which occupies more than half of the Merriam-Webster jacket, would be confused with Random House's

angular house-shaped logo and that the name "Merriam-Webster" on one dictionary would be confused with the name "Random House" on the other. Pet. App. A12.

The court also noted that Merriam-Webster used "bright blue, a color not used on the Random House jacket," Pet. App. A11, and emphasized the dictionaries' "conspicuous use" of different logos and different names, *id.* at A11-12. Although Merriam-Webster attempted to justify the jury's finding by relying on the likeness of the two spines, the court noted that:

> [T]he color red (in different shades) is standard for dictionaries, and the word "Webster's" is generic. Both spines, moreover, feature the quite different names of the publishers.

Id. at A12.

Applying its previously announced holding that "the prominence of the trade names on the two packages weighs heavily against a finding of consumer confusion resulting from the overall look of the packaging," *Bristol Myers*, 973 F.2d at 1037,[12] the court of appeals concluded that:

> [T]he impressions conveyed by the combinations of angular and curving logos, and by quite different names and some different colors (bright blue is used for the title on the Merriam-Webster Word), preclude a finding of similarity.

Pet. App. A13.

Even though it did not use the words, "clearly erroneous," the court of appeals' conclusion that a finding of similarity

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[12] The court of appeals decided *Bristol Myers* while the district court was considering Random House's post-trial motions but, despite Random House's having brought the opinion to the district court's attention, the district court did not cite it or otherwise apparently rely on it on this issue.

was "preclud[ed]" on the evidence in the record, Pet. App. A16, certainly satisfies the "clearly erroneous" test.

Actual Confusion

The court of appeals surveyed the only evidence before the jury allegedly showing actual confusion—two people who had never purchased either dictionary, a buyer for the B. Dalton book chain, and photographs.[13] Petitioner does not suggest that the court of appeals overlooked any evidence. *See* Pet. App. A14. The Second Circuit requires that evidence of actual confusion must be adduced from *real customers* in the relevant market—those who *actually purchased* defendant's product instead of plaintiff's because they were actually confused as to the source of defendant's product.[14]

Although, by the time of trial, the parties' two dictionaries had competed in the market for several months, providing sufficient opportunity for any actual confusion likely to occur, Merriam-Webster called *not one* purchaser who claimed to have been confused. Instead, Merriam-Webster called Phyllis Moseley, who had distributed Random House dictionaries

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[13] In the court of appeals, Random House, relying on *Inc. Publishing Corp.* v. *Manhattan Magazine, Inc.*, 616 F. Supp. 370, 389 (S.D.N.Y. 1985), *aff'd*, 788 F.2d 3 (2d Cir. 1986), argued that testimony of three Merriam-Webster salespeople concerning out-of-court statements of seven bookstore employees should was hearsay and should never have been admitted in evidence. RH C.A. Br. 29-36. That the court of appeals excluded this hearsay evidence when it catalogued the record evidence of actual confusion indicates that the court agreed with Random House.

The court of appeals noted that Merriam-Webster did not offer any survey of consumer confusion, an absence that "counts against finding actual confusion." Pet. App. A14.

[14] *See, e.g., Bristol-Myers*, 973 F.2d at 1049; *W.W.W. Pharmaceutical Co., Inc.* v. *Gillette Co.*, 808 F. Supp. 1013, 1022 (S.D.N.Y. 1992), *aff'd*, 984 F.2d 567 (2d Cir. 1993); *Mushroom Makers, Inc.* v. *R.G. Barry Corp.*, 441 F. Supp. 1220, 1231 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979).

donated by Random House as door prizes at a secretarial convention, and Judith Brook, who testified about her impressions of a dictionary review she saw as she thumbed through a magazine while she watched television. C.A. App. 100-03, 113. Both witnesses admitted that they did not purchase Random House's dictionary, nor were they even planning to, when their "confusion" occurred. By contrast, the only real dictionary customer to testify was Susan Pohja, the dictionary buyer for B. Dalton Bookseller, a national retail chain. *Id.* at 536-46. Random House called Ms. Pohja, who testified that she was not confused when she decided, on behalf of B. Dalton, to purchase Random House's new dictionary. *Id.* at 543-46.

Merriam-Webster also introduced as "evidence" of actual confusion photographs taken in a New York City bookstore by a professional photographer retained by Merriam-Webster's counsel for trial (C.A. App. 148, 150). They show a bookshelf on which the Merriam-Webster and Random House dictionaries are intershelved at one end and two other reference books are intershelved at the other end. Photographs are not probative evidence of actual confusion—they are speculation. *See Mushroom Makers, Inc.*, 441 F. Supp. at 1231-32. Simply because these products are mixed together in a retail store is not evidence that a customer actually purchased defendant's product instead of plaintiff's because he or she was confused as to product source. Here, there is no way to know whether this intershelving was caused by a stock person or a customer hastily reshelving a book. It certainly does not show whether a purchase was made or whether anyone was confused.

Having reviewed the sparse evidence before the jury on actual confusion, the court observed that "[t]here was no testimony by any consumer, retail or wholesale, who intended to buy a Merriam-Webster dictionary but mistakenly bought a Random House dictionary because of confusion between the two products' trade dresses." Pet. App. 14. The court commented that "[t]he lack of survey evidence counts against

finding actual confusion," and concluded "that Merriam-Webster failed to show actual confusion affecting purchasers." *Id.* Again, although the court of appeals did not use the words "clearly erroneous," its evaluation of the record, which showed no probative evidence of actual confusion, satisfied the "clearly erroneous" standard.

Sophistication of the Purchasers

No evidence at trial supported the jury's apparent conclusion that purchasers were unsophisticated. The testimony Merriam-Webster now cites, Pet. 26, does not support its argument that the court of appeals erred in determining that the "sophistication" factor weighs heavily against Merriam-Webster. Res. App. 1c, 1d-2d. The testimony of Donald F. Miller, a Merriam-Webster salesperson, dealt only with how dictionaries are advertised and displayed,[15] not with the sophistication of the customers. Res. App. 1c. Robert Sydney Albert, a Random House salesperson, testified that dictionary purchasers sought advice about what dictionary to purchase and accepted the recommendation of the salesperson who always recommended the most current. Res. App. 2d. If anything, his testimony suggests that customers use care in making purchasing decisions by asking questions about quality and do not simply pick any dictionary off the shelf.

Faced with no evidence on this issue, the court of appeals, relying on *W.W.W. Pharmaceutical Co.*, 984 F.2d 567, 576 (2d Cir. 1993), held that retailers "may be assumed to be sophisticated buyers," Pet. App. A15, and, relying on *Bristol-Myers Squibb Co.*, 973 F.2d at 1046-47, concluded that the $20 purchase price indicated that dictionaries were not "low-involvement" goods, Pet. App. A15. The court also noted the obvious fact that individual dictionary purchasers are "generally literate." *Id.* Thus, although the jury made no explicit finding

[15] Mr. Miller testified: "We always, we are always displaying the face of the book. The spine of the book, perhaps, about 50 percent of the time." Res. App. 1c.

concerning sophistication, the court of appeals concluded that a finding of sophistication was the only supportable conclusion based on the evidence.

B. The Court of Appeals' *De Novo* Balancing Led To The Same Result That Would Have Been Reached By A Court Reviewing The Jury's Balancing For Clear Error

As is its practice, the Second Circuit reviewed the determination of likelihood of confusion—the balancing of the *Polaroid* factors—*de novo*.[16] Finding that "[t]he single *Polaroid* factor supporting a finding of likelihood of confusion is the inference that Random House acted in bad faith," Pet. App. A15, the court of appeals held that "what little evidence of bad faith exists is insufficient by itself to show a likelihood of confusion." *Id.* at A16. The court therefore held that "there is as a matter of law no likelihood of confusion between Merriam-Webster's trade dress and Random House's." *Id.*

The court of appeals' analysis and the language of its opinion show that under either standard of review, the outcome of

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[16] Although Merriam-Webster attempts to characterize *de novo* balancing of the *Polaroid* factors as unprincipled and unparalleled, courts routinely engage in this type of review in the analogous areas of copyright and patent law. In copyright infringement cases, the issue of "fair use" is a mixed question where the evidence supporting the fair use factors is reviewed for clear error and the ultimate question—the balancing of the factors—is considered *de novo*. *See Harper & Row Publishers, Inc.*, v. *Nation Enterprises*, 471 U.S. 539, 560 (1985); *American Geophysical Union* v. *Texaco, Inc.*, 37 F.3d 881, 886 (2d Cir. 1994); *Twin Peaks Productions, Inc.* v. *Publications Int'l, Ltd.*, 996 F.2d 1366, 1374 (2d Cir. 1993). Similarly, in the patent context, the Federal Circuit treats "obviousness" as a legal conclusion subject to *de novo* review, but reviews the underlying factual determinations under a clearly erroneous standard. *See Miles Lab., Inc.* v. *Shandon Inc.*, 997 F.2d 870, 877 (Fed. Cir. 1993), *cert. denied*, 114 S. Ct. 943 (1994); *Minnesota Mining & Mfg. Co.* v. *Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1572 (Fed. Cir. 1992).

this case would not change. The court of appeals did not merely conclude that there was no likelihood of confusion. It held there to be no likelihood of confusion "as a matter of law." *Id.* Thus, it held that no reasonable jury could have determined that there was likelihood of confusion—a holding which, *a fortiori*, establishes that, even if the Second Circuit reviewed likelihood of confusion under a clearly erroneous standard, it would come to the same result.

In any event, even a court of appeals reviewing a finding of likelihood of confusion under a clear error standard would necessarily have come to the same conclusion. Under review for clear error, an appellate court, just like the court of appeals in this case, first reviews each of the *Polaroid* findings for clear error. It then considers whether a mistake regarding the *Polaroid* findings caused clear error on the ultimate issue of likelihood of confusion. *See, e.g., Jellibeans, Inc.*, 716 F.2d at 840, 846.

As demonstrated above, three of the jury's tacit *Polaroid* findings---on similarity of the trade dress, actual confusion, and sophistication of the buyers—do not survive clear error analysis. It is inconceivable that a clear-error court would have concluded that an ultimate finding of likelihood of confusion, which depended on three clearly erroneous *Polaroid* findings, was not itself clear error. That result is patent when the erroneous *Polaroid* findings include the obviously critical factors of similarity of the trade dresses and evidence of actual confusion. *See G. Heileman Brewing Co. v. Anheuser-Busch, Inc.*, 873 F.2d 985, 999 (7th Cir. 1989); *Zeibart Int'l Corp. v. After Market Assoc., Inc.*, 802 F.2d 220, 226 (7th Cir. 1986); *Freedom Savings & Loan Ass'n* v. *Way*, 757 F.2d 1176, 1182, 1186 (11th Cir.), *cert. denied*, 474 U.S. 845 (1985); *John H. Harland Co.* v. *Clarke Checks, Inc.*, 711 F.2d 966, 977 (11th Cir. 1983).

CONCLUSION

Merriam-Webster did not preserve the issue it now seeks to raise. In any event, the court of appeals' decision would have been the same had it used the clear error test that petitioner espouses, instead of the Second Circuit's two-prong test. The petition for a writ of certiorari should, therefore, be denied.

Respectfully submitted,

Robert G. Sugarman
Counsel of Record
Gloria C. Phares
David J. Lender
Marcia S. Cohen
Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

Counsel for Respondent

Of Counsel

Ellis B. Levine
Diana R. Frost
Random House, Inc.
201 East 50th Street
New York, New York
(212) 572-2355

Ralph P. Huber
Pamela A. Rask
Sabin Bermant & Gould
350 Madison Avenue
New York, New York 10017
(212) 692-4400

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

91 Civ. 1221 (LMM)

MERRIAM-WEBSTER, INCORPORATED,

Plaintiff,

—v.—

RANDOM HOUSE, INC.,

Defendant.

MCKENNA, *D.J.*

MEMORANDUM AND ORDER

I.

Plaintiff Merriam-Webster, Incorporated ("M-W") moves for a preliminary injunction against the publication by defendant Random House, Inc. ("RH") of a dictionary the precise "title" of which is a matter of some dispute, but which bears on its title page and on its dust jacket the words "Random House Webster's College Dictionary." This dictionary will be referred to as "the RH dictionary." M-W publishes a dictionary which bears on its title page together with the preceding facing page and on its dust jacket the words "Webster's Ninth New Collegiate Dictionary." M-W claims that there is a substantial likelihood of confusion between the RH dictionary and the M-W dictionary, and that the publication of the for-

mer will cause it irreparable injury.[1] While the evidence and arguments offered by the parties have been wide-ranging, the crux of the dispute centers primarily on two aspects of the RH dictionary: first, the use by RH of the word "Webster's" *and* the word "College" in combination; and, second, the trade dress—most particularly the dust jacket—of the RH dictionary.

Delivery of copies of the RH dictionary to RH's customers, for sale to the public through bookstores, is scheduled to begin on April 4, 1991. RH seeks to make the RH dictionary available for sale during the "graduation" season, which, together with the "back-to-school" and Christmas seasons, is regarded as one of the times of year most advantageous for the sale of dictionaries of the size, scope and price of the M-W and RH dictionaries. RH has already taken orders for some 109,000 of the 300,000 copies of the first printing of the RH dictionary.[2]

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[1] The complaint alleges four claims: (1) for infringement of registered trademarks, in violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1); (2) for violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (3) for common law unfair competition and trademark infringement; and (4) for trademark infringement, unfair competition and dilution of M-W's trademarks in violation of New York General Business Law § 368-d.

[2] On February 26, 1991, the Court denied M-W's motion for a temporary restraining order, sought on the basis that M-W would be harmed by RH taking orders which might otherwise have gone to M-W. The motion was denied on the ground that pre-distribution orders given to RH instead of M-W could be identified through discovery and recompensed by money damages, and in contemplation of a decision on the motion for a preliminary injunction prior to April 4, 1991, after which the harm to M-W, if likelihood of confusion were to be found, could be argued to be irreparable. An evidentiary hearing on the motion for a preliminary injunction was held, after expedited discovery, on March 5, 6, 7, 8 and 11, 1991. RH argues that the affidavits submitted by M-W on its motion should not be considered because they ere not formally offered in evidence at the hearing. The M-W affidavits are, however, received, it being the common practice that motions for a preliminary injunction are determined on affidavits and testimony taken in court.

For the reasons set forth below, the motion for a preliminary injunction is denied.

II.

M-W or a predecessor has published dictionaries having the words "Webster's" and "Collegiate" in their titles continuously since 1898. The predecessor, G.& C. Merriam Co., had purchased the rights to the work and name of the American lexicographer, Noah Webster, from his estate. Of nine editions published by M-W and its predecessor (1898, 1910, 1916, 1931, 1936, 1949, 1963, 1973 and 1983), all were entitled "Webster's Collegiate Dictionary" except three: the "Webster's Seventh New Collegiate Dictionary" (1963), the "Webster's New Collegiate Dictionary" (1973) and the "Webster's Ninth New Collegiate Dictionary" (1983), the latter the edition currently on the market.[3]

RH has published dictionaries of a size, scope and price competitive with the M-W dictionaries just identified since 1947, when it published "The American College Dictionary," which was followed by "The Random House Dictionary of the English Language" in 1968 and the "Random House College Dictionary, Revised Edition" in 1975, the latter the edition currently on the market.

Three other dictionaries comprise the principal competition to the M-W dictionary and the currently available "Random House College Dictionary, Revised Edition," which is to be superseded by the RH dictionary against which a preliminary injunction is sought: "Webster's New World Dictionary" (which bears the indication that it is the "Third College Edition"), published in 1988 by Simon & Schuster, Inc.; "The American Heritage Dictionary" (which bears the indication

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[3] M-W also publishes an unabridged dictionary, as does RH. It is clear that unabridged dictionaries of the size, scope and price of those published by M-W and RH do not compete with dictionaries of the size, scope and price of the abridged M-W and RH dictionaries at issue here, commonly called either "college" or "desk" dictionaries.

that it is the "Second College Edition"), published in 1982 by Houghton Mifflin Company; and Webster's II New Riverside University Dictionary," published in 1984, also by Houghton Mifflin Company.

The M-W dictionary, the RH dictionary and the three competitive dictionaries just mentioned are similar in size, scope and price, containing approximately between 155,000 and 180,000 entries, selling at retail for prices from $15.95 to $20.00, and being of comparable sizes.[4] All have hard covers.

RH argues that the range of dictionaries to be considered competitive to the M-W and RH dictionaries should include paper covered, pocket size, dictionaries. The argument, and the testimony on which it is based, is not convincing. RH's motivation, quite obviously, is to include, as a direct competitor of the M-W dictionary, "The New American Webster Handy College Dictionary," a successful paper covered, pocket size, dictionary, selling at retail for $3.95, because, although it contains in its title the work "Webster" *and* the word "College," M-W has never sought to enjoin its publication. The evidence adduced by RH, however, shows no more than that such small dictionaries "compete for the same consumer dollar" as dictionaries such as the M-W and RH dictionaries. The quoted phrase is simply too vague to be meaningful. Many things, not all of them dictionaries or even books, "compete for the same consumer dollar, " and neither that, nor the fact that both small, paper covered, dictionaries and dictionaries of the size, scope and price of the M-W and RH dictionaries may be found in the same section of some stores, supports the suggested inference that the average consumer looking for a dictionary is so unfocused in what he or she wants as to ignore the widely different natures and prices of the two kinds of product.

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[4] The M-W dictionary sells for $16.95 without, and for $17.95 with thumb indexing; the RH dictionary is to sell for $18.00 without, and $20.00 with, that feature. The M-W dictionary claims to have almost 160,000 entries; the RH dictionary more than 180,000.

M-W alleges two federal registrations of trademarks for its dictionaries: No. 172, 131, for the word "Collegiate," on August 21, 1923, under the Act of February 20, 1905[5]; and No. 1, 395, 653, for "Webster's Ninth New Collegiate Dictionary" enclosed in a circle, on June 3, 1986. M-W has spent substantial sums of money in the advertisement of at least the second of these marks. The M-W dictionary has been the subject of regular advertising in prominent magazines such as *The New Yorker*, *Newsweek* and *Time*, the advertising generally presenting a photograph of the front of the M-W dictionary with the dust jacket on. M-W also advertises in specialized publications directed to librarians, schools, office product dealers and book sellers.

The M-W dictionary is the most successful of the five dictionaries identified above as competitive, and has appeared on the *New York Times* weekly best seller list 195 times.

III.

The principal issue, both on M-W's claim for infringement of its registered marks and on its claims for unfair competition, is whether the RH dictionary "is likely to confuse consumers as to the source of the product." *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 871 (2d Cir. 1986). " 'Likelihood of confusion' is the basic test of both common law trademark infringement and federal statutory trademark infringement." 2 McCarthy, *Trademarks and Unfair Competition*, (2d ed.), 1984, supp. 1989, at 42. (Footnotes omitted).

The classic framework for analyzing the issue is consideration of the factors set forth by Judge Friendly in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F2d 492 (2d Cir.), *cert. denied* 368 U.S. 820 (1961).

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[5] RH points out that this registration was not republished pursuant to Section 12(c) of the Lanham Act, 15 U.S.C. § 1062(c), and argues that it is, as a result, not incontestible. As will appear below, the issue of contestibility need not be decided.

> Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account.

287 F.2d at 495. (Citation omitted.)[6]

The Strength of M-W's Mark

At the outset, it should be noted that M-W does not claim that it has any exclusive right to the word "Webster's" alone or to the word "College" alone as applied to dictionaries. "If Random House wanted to call its new work the *Random House College Dictionary*, *Random House Webster's Dictionary* or *Webster's Random House Dictionary* we would have no objection and this suit would not have been brought." Plaintiff's Reply Mem. at 5-6. M-W's position is that it is entitled to protect the combination "Webster's Collegiate," and that the combination "Webster's College," used on the RH dictionary, is likely to be confused with "Webster's Collegiate."

RH contends that both "Webster's" and "Collegiate," as applied to dictionaries, have become generic terms, that is terms "which refer to the genus or class of which the product is a species, and are not entitled to protection even with proof of secondary meaning, i.e., proof that the public has come to

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[6] Although *Polaroid* concerned products that were different, the factors set forth by Judge Friendly have come to be used as well in cases in which the products are substantially the same and in direct competition. *See, e.g., Lois Sportswear, supra* (pocket stitching on two manufacturers' jeans).

associate the term with a particular source." *PaperCutter, Inc. v. Fay's Drug Co., Inc.*, 900 F.2d 558, 561-562 (2d Cir. 1990), citing *Abercrombie & Fitch Co. v. Hunting World. Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976), in which Judge Friendly set out, in ascending order of entitlement to protection, and explained, the spectrum of the categories of terms—generic, descriptive, suggestive, and arbitrary or fanciful—involved in trademark disputes.

RH has not shown that "Webster's is a generic term for dictionaries. It fits better within the definition of "descriptive terms," those "which convey an immediate idea of some characteristic or attribute of the product and are entitled to protection with proof of secondary meaning." *PaperCutter, supra*, at 562. "Webster's," however, does not have a secondary meaning. The multitude of dictionaries from different sources, all bearing the word "Webster's," introduced into evidence is sufficient proof of that.

Similarly, RH has not shown that "collegiate," as applied to dictionaries, is generic. The very few instances of the word's use in connection with dictionaries other than the M-W dictionary (or its predecessors) discovered by RH's expert lexicographer are too weak a foundation for such a finding. Whether or not "collegiate," considered as a descriptive term as applied to dictionaries has, standing alone, acquired secondary meaning, is a difficult question, which, however, in light of M-W's position and the fact that RH has not used the word, need not be decided.

The status of the combination "Webster's Collegiate" is more to the point. On the record made by the parties,[7] the Court accepts, for purposes of the present motion, M-W's position that "Webster's" and "Collegiate," as used in combination by M-W, have acquired secondary meaning. The evidence adduced by M-W "relating to the nature and extent of the public exposure achieved by the designation, including volume of sales, length of time of use, and advertising and

[7] Which, given the timing of the hearing called for by the RH distribution schedule, could not include survey evidence.

other promotional efforts, with commercial success, rather than the amount of expenditures, being the likely measure," *PaperCutter*, *supra*, at 564 (citations omitted), support an inference of a secondary meaning by which the combination "Webster's Collegiate" indicates M-W as the source of the dictionary. Further, the record contains specific evidence of "brand name" recognition of the M-W "Webster's Collegiate" dictionaries.

It needs to be added in support of such a conclusion that the dust jacket of the M-W dictionary, reflecting the mark as registered (No. 1, 395, 653), but in color, is visually distinctive. The cover of the dust jacket shows the title "Webster's Ninth New Collegiate Dictionary," all of the words in the same type in dark blue, on a white circular field (just inside the circumference of which is a dark blue circular line), against a red background. This motif (referred to at the hearing as a "bullseye") has been used on previous M-W dictionaries, and is used as well on other M-W products including its unabridged dictionary and the "Webster's Collegiate Thesaurus" (in this latter case, however, the background is yellow). The words "A Merriam-Webster" appear on the dust jacket immediately above the "bullseye," in a type resembling script, followed by the symbol "R" within a circle. The wide use of the "bullseye" motif on M-W's publication is a strong source identifier.

Consideration of the strength of the senior user's mark, however, cannot, by itself, resolve any trademark dispute.

The Degree of Similarity Between the Two Marks

Considering, for the moment, only the words used, it is M-W's position that (granting RH the right to use "Webster's" or "College" in other contexts) the combination "Webster's College" is confusingly similar to "Webster's Collegiate." That there is a similarity between "College" and "Collegiate" is certain; that there are differences is equally certain. The meanings of the words can, in some usages, be substantially identical; their sounds are similar, although "Collegiate," as

an adjective connoting something like "pertaining to college life," has an old-fashioned flavor; and, for what it is worth, "Collegiate" has one, or two, more syllables. It cannot be disregarded, however, that, just like the word "Webster's," the word "college" is available for use to all publishers, and is in fact used on the "Webster's New World Dictionary" and "The American Heritage Dictionary" insofar as they are respectively identified as the "Third College Edition" and "Second College Edition." The evidence adduced at the hearing established that the phrase "college dictionary" is a descriptive term, denoting a hard covered abridged dictionary of the size and scope of the M-W and RH dictionaries and their competitors, and that it is without secondary meaning.

The issue of the similarity of the phrases "Webster's College" and "Webster's Collegiate" cannot, however, be viewed in the abstract. It is "the general impression conveyed to the purchasing public by the respective marks that is at issue. *C.L.A.S.S. Promotions, Inc. v. D.S. Magazines, Inc.*, 753 F.2d 14, 18 (2d Cir. 1985). A prospective purchaser of a "college" dictionary is, in almost all cases, going to see the competing products among which he or she is to choose. The evidence showed that, in larger bookstores, at least, dictionaries are shrink-wrapped, which assures that the dust jackets remain on nd intact.[8] Even in smaller stores, it is a fair assumption that the books for sale will have dust jackets on them.

A comparison of the fronts of the dust jackets of the M-W and RH dictionaries reveals some similarities, but significant differences as well. The background colors of both are red, but that is also true of "Webster's New World Dictionary" and "Webster's II New Riverside University Dictionary." About a third of the bottom of the front of the dust jacket of the M-W and RH dictionaries contains editorial matter promoting features of the dictionary, as is the case with the just-mentioned competitors. The principal, and distinctive, feature of

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[8] Where shrink-wrapped books are available for purchases, typically one copy not shrink-wrapped is available for perusal.

the front of the M-W dictionary, its title in the "bullseye," has been described above.

The front of the dust jacket of the RH dictionary bears, on six separate lines, (i) the stylized drawing of a house, used by RH on a number of its publications, including its unabridged dictionary, then the words (ii) "Random," (iii) "House," (iv) "Webster's (v) "College," and (vi) "Dictionary," the first three lines in black, the last three in white. The words other than "Webster's" are printed in capital letters, "Webster's" with a capital W and lower case letters. "Webster's" is in larger type than the other words, and the type, while not identical to that used for the same word on the cover of the M-W dust jacket, is quite similar to it,[9] as is also the type used for the same word on "Webster's New World Dictionary." "Random House" is in much larger type than that used for "A Merriam-Webster" on the M-W dictionary.

One feature each of the M-W and RH dictionaries leads the Court to find that there is not a likelihood of confusion warranting the issuance of a preliminary injunction notwithstanding such similarities as there are: the distinctive "bullseye" motif of the M-W dictionary, on the one hand, and the strong RH "house mark"—its name together with the drawing of a house—, on the other. The use of a house mark is clearly a relevant consideration in determining whether there is likelihood of confusion. *See, McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1134 (2d Cir. 1979).

There is no evidence to support the suggestion that RH put its house mark on the RH dictionary in order that the house mark might be strengthened by an association in the minds of confused customers with the M-W dictionary. *Cf. American Home Products v. Johnson Chemical Co.*, 589 F.2d 103, 107 (2d Cir. 19078). The evidence tends to show, on the contrary, that RH placed its house mark on the front of the dust jacket of the RH dictionary because it believes that correct identification of the source of that dictionary will assist sales. It is

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[9] M-W uses a type called "Trump Medieval," RH one called "Goudy." While RH's expert explained the differences between the two in considerable detail, it is the similar overall impression that counts.

significant, as well, in this connection, that RH is not an obscure newcomer, but a well-known publisher, one, moreover, that has been publishing dictionaries for some time.

M-W suggests that the number of mergers and acquisitions in the publishing world in recent years supports a finding of likelihood of confusion. The argument is to the effect that, a consumer seeing "Webster's College" on the RH dictionary, and having some familiarity with M-W's "Webster's Collegiate" line, will think that there is now some sort of connection between M-W and RH, and that M-W in some way sponsors the RH dictionary. The Court finds this argument unconvincing. In the first place, although the publishing professionals involved in this case may be familiar with the merger and acquisition activity referred to, it is highly unlikely that the vast majority of potential purchasers of dictionaries are (or, if they have heard of it, give it a thought). Secondly, those potential consumers will, in fact, be confronted with the two dictionaries, each distinct upon even the briefest examination, and each identifying a different source, in the actual marketplace.

The spine of the dust jacket of the RH dictionary, considered in isolation, could possibly lead to confusion. It bears the world "Webster's" in large type, in white, vertically down the spine, just as does the spine of the dust jacket of the M-W dictionary. "Random House" (with the house design) appears in smaller type, in black, horizontally at the top of the spine "College Dictionary" similarly at the bottom. The M-W dictionary has its title, in small type, in white, horizontally at the top, a trademark—the initials NW in a wreath—and "Merriam Webster," both in white, horizontally at the bottom.

While confusion could occur if a prospective purchaser looked only at the spine, it is unlikely that many, if any at all, would choose a dictionary from a shelf without seeing its front at least, if not actually looking into the volume. The in-store display stand which RH will make available to bookstores will, it is true, present RH dictionaries stacked, so as to show the books' spines. The stand itself, however, prominently shows the name "Random House" and the RH house

design. Furthermore, the prominent feature of the spine, in both cases, is the word "Webster's" alone, in which M-W claims no exclusive right.

Proximity of the Products and Bridging the Gap

The products, of course, are the same and compete directly, and, as a result, there is no issue as to whether it is likely that the senior user will bridge the gap.

Actual confusion

No evidence of actual confusion was presented, the RH dictionary not yet being on the market for consumers, and only recently in the case of booksellers. In these circumstances, a negative inference against M-W because of the lack of such evidence will not be drawn. *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 78 (2d Cir. 1988).

The Reciprocal of Defendant's Good Faith, the Quality of Defendant's Product and the Sophistication of Buyers

There is no question but that RH deliberately chose to add "Webster's" to the name of its new dictionary to increase sales. Sales of "The Random House College Dictionary, Second Edition" have been, RH admits, disappointing. An in-store test of sales of that dictionary in a dust jacket bearing its correct title, against the same dictionary with a dust jacket bearing the title "The Random House Webster's College Dictionary" (not identical, however, to the dust jacket of the RH dictionary at issue), showed, to RH's satisfaction, that the addition of the word "Webster's" would increase sales. Since use of the word "Webster's" on dictionaries is not the exclusive right of any publisher, RH cannot be found to have acted in bad faith in adopting it to increase sales. Nor does the evidence show that RH used the word "College" together with "Webster's" in order to cause consumers to confuse the RH dictionary with the M-W dictionary. RH has previously used the word "College" on dictionaries, and, as pointed out above, the word is descriptive and without secondary meaning. Nor

does the fact that RH may have considered, before publication, less distinctive variants of the formal "title" of its dictionary, or its trade dress, lead to the conclusion that an injunction should issue. The consideration of such variants is consistent with the give-and-take between a publisher's editorial, art and sales personnel. And, in any event, it is the impression of the product actually put on the market on the consumer, that is, ultimately, the decisive question.

As the court pointed out in *Hasbro, Inc. v. Lanard Toys, Ltd., supra*, the factor of the quality of the defendant's product has come to represent two problems: that of the inferior product thought, through confusion, to be the superior, so that sales of the latter suffer; and that of products of equal quality, in which case there may be more likelihood of confusion. 858 F.2d at 78. Here, there is no evidence that the RH dictionary is an inferior product. Such differences as it has in comparison with the M-W dictionary—there was evidence, for instance, that M-W lists meanings of a word in an historical order, while RH does so in order of the commonness of different usages—are all legitimate lexicographical or publishing options. The second difficulty assumes a source of confusion other than that products are of equal quality. As is clear from what is said above, the Court finds that the M-W and RH dictionaries are sufficiently distinct in their overall impression that they are not likely to be confused.

Neither side presented evidence from which any precise findings as to the kinds of people who purchase "college" or "desk" dictionaries can be made. They are, no doubt, bought by (or for) high school and college students, but are surely purchased by many other categories of consumers as well, whether for use in offices or homes. About all that can be said is that it is likely that purchasers of dictionaries are at least as "sophisticated," and probably, in general, more so, than the range of consumers who purchase, say, breath mints, *Beech-Nut, Inc. v. Warner-Lambert, Inc.*, 480 F.2d 801 (2d Cir. 1973), or jeans, *Lois Sportswear, supra*. Book distributors and retailers ordering books are not likely at all to be confused,

since they must give their orders to a particular publisher (and pay that publisher).

* * *

Putting all of the above together, the Court cannot find that M-W has succeeded in showing that it is likely to succeed in the end on its claim of likelihood of confusion. And, if, short of that, it has raised questions going to the merits sufficiently serious to make them a fair ground for litigation, the balance of hardships does not tip *decidedly* toward it. It will, no doubt, without the benefit of an injunction, lose some sales as a result of competition from the RH dictionary. But RH, enjoined, will not only lose sales, but suffer damage to its goodwill when it fails to deliver dictionaries ordered for the "graduation season."

In view of the conclusion reached above on other grounds, RH's defense of laches on the part of M-W need not be reached.

IV.

In view of the confidential materials offered in evidence and referred to by the parties in their briefs, this Memorandum and Order is filed under seal. The parties will advise the Court in writing within 7 days of the date hereof whether it should remain under seal, citing specifically the bases for such a conclusion. Failing that, it will be unsealed.

The motion for a preliminary injunction is denied.

Dated: New York, New York
March 27, 1991

SO ORDERED.

/s/ LAWRENCE M. MCKENNA
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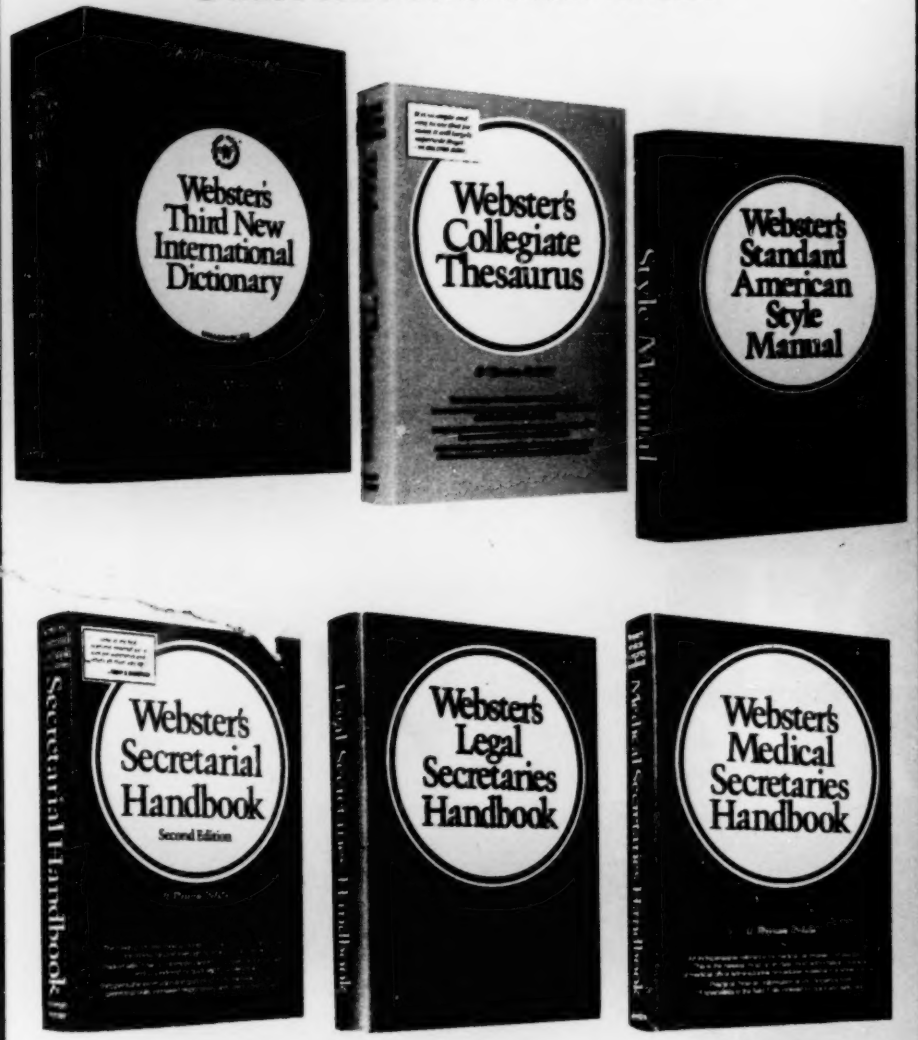

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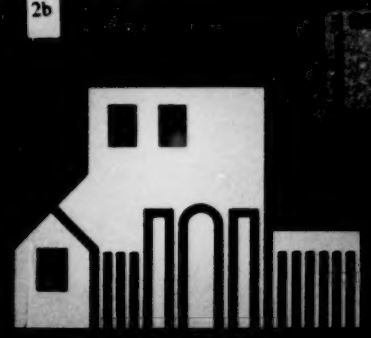

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Excerpt From Trial Testimony of Donald F. Miller—September 30, 1991

[921] The back or versa, as we call, it is simply less important than what you are seeing here; the spine and the front of the jacket.

Q. In your advertising, is the, and promotion of the Webster's Ninth New Collegiate, is the front of the book, or the face of the book promoted?

A. Yes.

Q. Is the spine of the book promoted?

A. Yes, it is.

Q. May I ask you what, in your view, and to your understanding, is the relative advertising of the spine and the face of the book as you understand it?

A. We always, we are always displaying the face of the book. The spine of the book, perhaps, about 50 percent of the time.

Q. Now I show you Plaintiff's Exhibit—

THE COURT: Just to keep good order here, are you offering 7 A and 10 A? They are not in the book.

MR. FILARDI: Yes, your Honor. These are actual promotion materials, not for demonstrative purposes. If it convenient, we will just offer pictures of these but these are the promotional items that the witness testified about.

THE COURT: You want to substitute pictures for them?

MR. FILARDI: Rather than—we will have these

Excerpts From Trial Testimony of Robery Sydney Albert—October 16, 1991

[2813] MR. FILARDI: Sorry.

A. You have to understand in the retail business, especially when you are talking about dictionaries, it is what we call a space product. Whatever you can buy for the best price and what is the newest and what you can get the best deal on, basically, when it comes to dictionaries is what you buy the most of.

So the selling—your selling points are if somebody was to walk into my store and said I need a dictionary, what do I sell them, and I would show them what I have, and I would be more apt to lean towards whatever I got a better price on, and also the other selling point is what's the newest. Everybody wants something that's up to date. You don't want something that's ten years old, you don't want something that's five years old, you want to be current.

So you lean towards whatever is current and whatever you got the best price on.

Q. So based on your 14 years of experience as a bookstore owner, did you conclude anything about the way customers purchase dictionaries?

A. My own conclusion? I think people were looking for somebody else to make the decision for them. The only time I have ever seen anybody compare dictionaries, and it happened once in 14 years that I was selling them, they [2814] would open two dictionaries, they would look at the definitions of the same word in both dictionaries, and whichever one they felt had a better definition, that's the one they bought.

No one that I know of has ever read a book on how to buy a dictionary, has ever looked at a comparison chart as to which one was better than the next one. It is like they don't have time to sit and study that.

Q. So besides the one instance that you just described, would a customer accept your recommendation?

A. Yes.

Q. And you would recommend the newest?

A. I would always recommend the newest.

MS. GOLDBARD: One second, your Honor.

(Pause)

MS. GOLDBARD: No further questions.

MR. FILARDI: Thank you, your Honor.

CROSS-EXAMINATION:
BY MR. FILARDI:

Q. My name is Ed Filardi. I represent Random House—I represent Merriam-Webster.

MR. FILARDI: I have been away for a few days, your Honor.

MR. ROSENTHAL: Your Honor, could we have a conference on this? I thought I was representing—

[2818] chart, and I tell you, Mr. Albert, that the jacket from Defendant's Exhibit 2 appears on the top of this chart and Defendant's Exhibit 109 appears on the bottom.

Are you familiar with the changing of the jacket during the course of the sales of Defendant's Exhibit 2 or Defendant's Exhibit 109? Were you advised of that?

A. No.

Q. Do you recall that after this lawsuit was instituted that there were changes made in the jacket to the new Random House book?

A. I don't know anything about that.

Q. Okay. Would I be correct in stating that whether you are selling Defendant's Exhibit 2, sir, or Defendant's Exhibit 109,

that the spine on the face of the book are really used as the selling tools for the book from the jacket standpoint?

A. True.

Q. Would I be correct in stating that—we had a number of exhibits and I don't wish to get into them in any detail, but that a time came when the promotional literature was changed to reflect a new title?

A. Correct.

Q. And that new title was what, sir?

A. Random House Webster's College Dictionary.

Q. Okay. Do you recall whether—what the title

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

MERRIAM-WEBSTER, INCORPORATED,

Petitioner,

v.

RANDOM HOUSE, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITIONER'S REPLY BRIEF

ALAN MANSFIELD
Counsel of Record

LILE H. DEINARD
ALAN N. SUTIN
DAVID M. ELKINS
GREENBERG, TRAURIG, HOFFMAN, LIPOFF, ROSEN & QUENTEL
Citicorp Center
153 East 53rd Street
New York, New York 10022
(212) 801-9200
Counsel for Petitioner

WILLIAM J. BOWE
Of Counsel

February 1, 1995

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ARGUMENT

I. Random House Does Not Challenge Merriam-Webster's Reasons For Granting The Petition.

Random House Inc.'s ("Random House's") opposition brief is particularly noteworthy for what it fails to do. Nowhere in its twenty pages does Random House challenge the merits of the petition. Nowhere does Random House contest that:

1) there is a sharp, irreconcilable split among the circuit courts regarding the appropriate standard of review of the likelihood of confusion element of a trade infringement action and that a plethora of lower courts and academic scholars have repeatedly urged that this issue be resolved (Petition for a Writ of Certiorari ("Pet.") at 8-10);

2) uniform adoption of the clearly erroneous standard is warranted because likelihood of confusion focuses on whether ordinary consumers are likely to be confused regarding the origin of two similar products -- an exercise which fact-finders routinely and effectively perform (Pet. at 11-14);

3) analogous areas of trademark law utilize the clearly erroneous standard of review (Pet. at 15-16);[1] and

---

[1] Random House's suggestion that *de novo* review with respect to fair use in copyright and obviousness in patent law controls the likelihood of confusion issue is unavailing. (Brief For Random House In Opposition ("Opp. Cert.") at 18 n.16). As Random House's own citation reveals, fair use, unlike likelihood of confusion, typically implicates the first amendment and therefore may merit closer scrutiny under the Court's precedent. *See Harper & Row Publishers v. Nation Enterprises*, 471 U.S. 539, 555-560 (1985) (discussion of first amendment's relation to copyright). The standard of review applied to obviousness, meanwhile, is much less clear than Random House implies. The Court has never decided the question, and in *dictum* has suggested that the proper standard of review is an open and difficult question. *Dennison v. Panduit*, 475 U.S. 809, 811 (1986), *on remand*, 810 F.2d.1561 (Fed. Cir.), *cert. denied*, 481 U.S. 1052 (1987) (application of Rule 52(a) to obviousness discussed). *See also*, II Donald S. Chisum, *Patents: A Treatise on the Law of Patentability, Validity and Infringement*, § 5.04[3], at 5-328 (1994) (continued...)

4) deferential review is appropriate because (a) constitutional implications are absent, (b) such review is consistent with the general division between district courts as triers of fact and appellate courts as expositors of precedent setting law, (c) no principled basis exists for strict review[2] and (d) *de novo* review of jury verdicts offends seventh amendment protections.

Instead of addressing Merriam-Webster Incorporated's ("Merriam-Webster's") compelling demonstration why a writ of *certiorari* should be granted in this case, Random House rests its opposition on two lifeless arguments: the standard of review issue was not preserved and the result would have been the same under any standard. As shown below, the first contention is flatly contradicted by the record and the second is the product of rank guesswork unsupported by any fair analysis of the trial record and jury verdict.

II. The Standard Of Review Issue Was Preserved For Review.

Curiously, the centerpiece of Random House's opposition brief is that the question of the standard of review of likelihood of confusion was not preserved for review. (Opp. Cert. at 9). To the contrary, the issue was raised in each of the three appellate briefs filed below and was subsequently addressed by the Second Circuit. Indeed, in its initial brief as appellant before the court of appeals, Random House's first point heading, subsection A read: "The Ultimate Determination Of Likelihood Of Confusion Under Section 43(a) Of The Lanham Act Is A Question Of Law -- Subject

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[1] (...continued)
(application of *de novo* review to obviousness is "highly debated"); Bradley G. Lane, *A Proposal To View Patent Claim Nonobviousness From the Policy Perspective Of Federal Rule Of Civil Procedure 52(A)*, 20 U. Mich. L. J. Ref. 1157 (1987).

[2] Random House does not contest that the Second Circuit has articulated no principled basis for the application of such a standard. (*See* Pet. at 21-23).

To *De Novo* Review By The Second Circuit." (Brief of Defendant-Appellant-Cross-Appellee at 13). There, Random House argued that prior to the district court's decision concerning Random House's "post-judgment motion to set aside the jury's findings, the Second Circuit clarified the standards of appellate review" concerning likelihood of confusion, and held that "while the individual *Polaroid* factors present questions of fact; however, the ultimate determination of likelihood of confusion is a question of law. *Bristol-Myers*, 973 F.2d at 1043." (*Id.* at 13-14). Arguing that the district court ignored Second Circuit law in sustaining the jury's liability finding, Random House emphasized: "[h]owever, as this issue involves a complex question of law, the jury's implicit 'legal' conclusion here -- that [Random House's] trade dress is likely to cause confusion with [Merriam-Webster's] trade dress -- should, in fact, be accorded *no* deference upon *de novo* review by this Court." (*Id.* at 14-15).

Random House also concedes that Merriam-Webster's answering brief argued that the Second Circuit's *de novo* standard was inconsistent with the majority rule. (Opp. Cert. at 9). Specifically, Merriam-Webster stated that "the Second Circuit view varies from that of the majority of the circuits that consider 'likelihood of confusion' to be a question of fact for the jury to decide." (Brief of Plaintiff-Appellee-Cross-Appellant Merriam-Webster at 21, n.6). Moreover, Merriam-Webster argued that the minority view clashed with *Pullman-Standard*, a pivotal case on which its petition relies, stating: "[a]lthough [Merriam-Webster] believes that the Second Circuit view was called into question in *Pullman-Standard v. Swint*, 456 U.S 273, 287-88 (1982), subsequent Second Circuit cases continue to find that 'likelihood of confusion' is a question of law subject to *de novo* review." *(Id.)*

Presumably in response to Merriam-Webster's position, Random House's reply brief again addressed the standard of review issue, and argued that the district court erred by failing to treat likelihood of confusion as a question of law reviewed *de novo*. (Reply Brief of Random House and Answering Brief on Merriam-Webster's Cross-Appeal at 7-9). The Second

Circuit expressly passed on the standard of review issue in its opinion, and reaffirmed its prior holdings that "[w]hether likelihood of confusion exists is a matter of mixed fact and law reviewed *de novo*." (Pet. at A10).

An issue is properly preserved for review by the Court if the issue was raised below *or* if the appellate court addressed the issue. *United States v. Williams*, 112 S. Ct. 1735, 1738-39 (1992). Both elements of this disjunctive test are met in this case. The standard of review issue was raised on appeal (by both litigants) and addressed by the appellate court in its opinion. *See id.* at 1740 (court of appeals' restatement of exculpatory evidence rule preserved issue for review); *Virginia Bankshares, Inc. v. Sandberg*, 501 U.S. 1083, 1099 n.8 (1991) (although not raised below, the issue was preserved because the appellate court passed on the issue). Random House's preservation argument is without merit.[3]

III. Review Under A Deferential Standard Would Have Sustained The Fact-Finder's Decision And Random House's Argument To The Contrary Is Analytically Unsound.

Random House's conjecture that all circuit courts would have vacated the permanent injunction order and the jury's verdict in this case is predicated on a flawed understanding of deferential review. The majority rule treats with equal deference each of the fact-finder's *Polaroid* findings and the fact-finder's ultimate conclusion based on its weighing of all the factors. The minority rule, by contrast, as embodied in the Second Circuit's opinion here, requires a

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[3] Because questions regarding appropriate appellate standards of review are purely legal, even if they had not been raised or addressed below, the Court's precedent nevertheless provides for review. *See* Robert L. Stern et al., *Supreme Court Practice* 344 n.92 (7th ed. 1993) ("'purely legal questions' presented in petition may be appropriate for decision even though not addressed by lower court"), *citing Nixon v. Fitzgerald*, 457 U.S. 731, 741-43 (1982); *Mitchell v. Forsyth*, 472 U.S. 511, 530 (1985).

court to substitute its own judgment of how the *Polaroid* factors should be weighed, without regard to how the fact-finder may have weighed these factors.[4]

As the Second Circuit and Random House acknowledge, the jury interrogatories did not mirror the *Polaroid* factors and the jury did not answer how it came out on each of the factors. (Pet. at A10-11; Opp. Cert. at 12-13). Rather the jury was asked to find generally whether there was trade dress infringement after considering the *Polaroid* factors set forth in the district court's instructions. (*Id.*) The district court correctly observed that the law requires only that "a number of the *Polaroid* factors clearly tip in [Merriam-Webster's] favor." (Pet. at A29). The district court also explained that it is for "the jury to decide the relative weight, if any, to be assigned to each factor in determining likelihood of confusion, as well as to evaluate the evidence itself." (*Id.*) Thus no appellate court could know whether the jury's verdict was premised on findings in favor of Merriam-Webster on all or only some of the *Polaroid* factors and Random House's argument that the jury found in Merriam-Webster's favor on all six factors is pure speculation. *A fortiori*, Random House is also speculating when it asserts that three of the jury's tacit findings were clearly erroneous. (Opp. Cert. at 19).

It follows that Random House was wrong in concluding that all appellate courts would have overturned the result below because it can not conceive that "a clear-error court would have concluded that an ultimate finding of likelihood of confusion, which depended on three clearly erroneous *Polaroid* findings, was not itself clear error." *Id.* With respect to the individual factors, the most any court employing deferential review could do is conclude that three elements

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[4] Random House makes too much of the Second Circuit's statement that no likelihood of confusion existed "as a matter of law." (Opp. Cert. at 19). This tautological statement does not mean, as Random House argues, that the Second Circuit necessarily would have reached the same result applying a deferential standard. *Id.* Because the Second Circuit considers likelihood of confusion to be a mixed question of law and fact, it necessarily reweighs the *Polaroid* factors as a matter of law.

favored Merriam-Webster, two favored Random House, and one, consumer sophistication, was neutral.[5] A court employing deferential review would then review the fact-finder's weighing to see if there was any reasonable way to support the verdict of bad faith infringement.[6]

By contrast, the Second Circuit applied the minority rule, which requires it to substitute its independent judgment of the weight of the factors without analyzing the verdict or conducting a seventh amendment based inquiry to see whether any reasonable basis supported the fact-finder's decision.[7]

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[5] Or, assuming *arguendo*, as Random House asserts, that a lack of evidence of consumer sophistication existed which could somehow weigh against Merriam-Webster, an equal number of factors weighed in favor of each party. Random House disingenuously attempts to take advantage of the Second Circuit's misstatement concerning its view of the number of factors that weighed in Merriam-Webster's favor. While recognizing at several points that the Second Circuit accepted that the jury must have found for Merriam-Webster on three of the six *Polaroid* elements (Opp. Cert. at 12, 13, 19), as support for its view that all courts would have reversed the verdict, Random House nevertheless quotes the Second Circuit's erroneous statement that only one factor, bad faith, supported a finding of likelihood of confusion. (Opp. Cert. at 8, 18).

[6] Random House mistakenly cites *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833 (11th Cir. 1983), for the proposition that all courts would have found reversible error in the first prong of their review, the part where the court examines "whether a mistake regarding the Polaroid findings *caused* clear error on the ultimate issue of likelihood of confusion." (Opp. Cert. at 19). (Emphasis added). Because it applied *de novo* review to a general verdict, the Second Circuit did not consider whether the jury's purportedly erroneous findings on individual factors caused it to make a clearly erroneous decision regarding the ultimate issue.

[7] The Second Circuit did not engage in this analysis. Under the seventh amendment, jury findings may be disregarded only if they are so inherently incompatible that no attempt to reconcile them can succeed. If any reading of the jury interrogatory responses makes the findings consistent, that reading must be adopted. *Gallick v. Baltimore & Ohio Railroad Co.*, 372 U.S. 108, 118 (1963). Random House notes an alleged discrepancy between the jury's finding that the Merriam-Webster logo is strong and distinctive and the jury's "contradictory" finding that the jackets are confusingly similar. (Opp. Cert. at 13). Notwithstanding that no one knows how the jury weighed this factor, Random House is merely repeating here arguments that it made to the jury at trial -- arguments that

(continued...)

Had the Second Circuit deferentially reviewed all the evidence before the jury, it would have upheld the verdict.[8]

John J. Harland Co. v. Clarke Checks, Inc., 711 F.2d 966 (11th Cir. 1983), a case Random House ostensibly cites in support of its view (Opp. Cert. at 19), illustrates that deferential appellate review would have upheld the results below. In *Harland*, a bank check manufacturer brought an action against a competitor for trademark and trade dress infringement, dilution and other state law claims. The jury returned a general verdict in plaintiff's favor on the trademark and trade dress claims and awarded damages. The district court entered judgment for plaintiff and, as in this case,

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[7] (...continued)
the jury considered and ultimately rejected in finding for Merriam-Webster. *See, e.g.*, Trial transcript dated September 23, 1991, at 160, 173; Trial Transcript dated October 21, 1991, at 3365. Here, it was reasonable, and in fact discriminating, for the jury to conclude that Random House infringed Merriam-Webster's trade dress -- the look of the dust jacket as a whole -- but did not infringe one portion of that trade dress, a trademark. (*See* Opp. Cert. at 5, 13-14.) In accordance with the court's instructions, the jury carefully parsed out the difference between a trademark and trade dress claim and concluded that, while Merriam-Webster's bull's eye logo was not infringed by Random House, the overall trade dress, as depicted by, among other things, the colors of the jackets, the typography and the accentuation of the word Webster's on the spine, was both infringed and diluted. The bull's eye is merely one aspect of the dress and was clearly taken into consideration by the jury.

[8] In another attempt to show that the jury was confused, Random House points to the jury's decision to award Merriam-Webster punitive damages for Random House's malicious and wanton infringement of Merriam-Webster's trade dress but not to award attorneys' fees which involved application of a similar standard. In fact, the jury was precluded by the judge's instructions from awarding attorneys' fees. The district court instructed: "if you answer those questions, the law commits that issue to me, so you don't have to consider amounts or, anything in that connection on attorney's fees if you reach that issue for either party." (Trial transcript dated October 21, 1991, at 3522). Similarly, with respect to actual confusion, Random House ignores the very Second Circuit law it cites, which explicitly permits evidence that prospective purchasers (including retailers) were confused, a fact well-supported in the record. *W.W.W. Pharmaceutical Co. v. Gillette Co.*, 808 F. Supp. 1013, 1024 (S.D.N.Y. 1992), *aff'd*, 984 F.2d 567, 574 (2d Cir. 1993); (Joint Appendix Filed With the Second Circuit, 179-80, 187-88, 188-89, 190-91).

enjoined defendant from utilizing a trade dress that was confusingly similar to plaintiff's. *Id.* at 969, 971. Under the majority rule, the Eleventh Circuit stated that "the jury's finding on likelihood of confusion is factual, . . . and must be affirmed if it was based on substantial evidence." *Id.* at 973. (Citations omitted). Applying appropriate deference, particularly with regard to the manner in which the jury weighed the factors, the Eleventh Circuit upheld the jury verdict.

The *Harland* court, in considering trade dress, id. at 981, and trademark claims, first concluded that plaintiff's mark was not "particularly strong"[9] and that while there were some obvious similarities, in part because of a shared generic term and in part because the parties' names appeared on the face of the competing products, the similarity between the marks was "far from overwhelming."[10] *Id.* at 975-76. The appellate panel next concluded that a great similarity existed between the products, and the types of customers and the places where the respective goods were sold, factors which weighed heavily in plaintiff's favor. *Id.* Regarding defendant's intent, the court concluded that, notwithstanding the lack of direct evidence, there was "some evidence" from which the jury "might" have inferred that defendant intended to appropriate some of plaintiff's good will by its choice of mark and dress. *Id.* at 977. Finally, after reviewing the record and finding evidence of two instances of actual confusion, the appeals court noted that, while "the evidence of actual confusion was not sufficient to compel a finding of likelihood of confusion, it was 'worthy of some

---

[9] In fact, the court noted that it must "carefully examine the remaining factors in order to determine whether, despite the fact that Harland's mark is not particularly strong, a reasonable jury could nonetheless conclude" that a likelihood of confusion existed. *Id.* at 975.

[10] The court explained that the fact that "the names of the parties appear in small print on the [products] does not preclude a finding" of substantial similarity. *Id.* at 976 n.15, 981 n.24. The court explained that the "presence of a manufacturer's name on a product is just one of many factors relevant to determining whether there is a likelihood of confusion." *Id.* at 981 n.24.

consideration.'" *Id.* at 978. (Citation omitted). Although neither "instance involved an intended order for [plaintiff's] product which was misdirected to [defendant], and neither instance indicated that . . . the ultimate consumers, were confused," the "jury reasonably could have inferred that there was a likelihood of confusion from the evidence that there was at least some actual confusion among persons responsible for marketing and processing the orders for the competing check products." *Id.* at 979.

In sum, the court determined that some factors weighed strongly in plaintiff's favor, some favored defendant and several were difficult to assess.[11] In marked contrast with the Second Circuit, however, the Eleventh Circuit "weigh[ed] the factors to determine whether there was sufficient evidence for the jury to find that there is a likelihood of confusion between the marks . . . ." The court concluded that, "although we would not necessarily have found a likelihood of confusion on these facts ourselves, we hold that there was

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[11] Specifically, the Eleventh Circuit summarized the findings as follows:

> [Plaintiff's] mark is not particularly strong and although the two marks are similar in design, they are far from identical. However, the products, the retail outlets and purchasers, and the advertising media used by the parties all are exactly the same. Further, there was at least some evidence from which the jury could infer that defendant intended to adopt a similar mark in order to benefit from [plaintiff's] established reputation, and that there also was some evidence of actual confusion.

Id. at 980.

The Second Circuit here, unlike in *Harland*, agreed with the jury that Merriam-Webster's trade dress was strong. (Pet. at A11). The Second Circuit also agreed that the products were in close proximity. (*Id.*) As in *Harland*, there was evidence that showed that Random House intended to copy Merriam-Webster's trade dress and was aware that its dress could be confused with Merriam-Webster's. (Pet. at A30 n.3). The district court also catalogued evidence from which the jury could have found similarities between the dresses, as well as evidence that consumers were not sophisticated enough to discern the differences between the products. (Pet. at A29). Finally, the evidence of actual confusion here was at least as compelling as that offered in *Harland*.

substantial evidence to support the jury's finding." *Id.* at 980. Whereas the Eleventh Circuit, despite its own view, deferred to the jury's weighing, the Second Circuit here rejected the fact-finder's decision without considering whether it could be rationally supported and substituted its own view for that of the properly instructed jury. Had the Second Circuit applied the majority rule, a multi-million dollar jury verdict, punitive damages, and an injunction would not have been overturned.

CONCLUSION

The Court has recently agreed to resolve appropriate appellate standards of review in other contexts. *See Wilton (Leslie) v. Seven Falls Co.*, 29 F.3d 623 (5th Cir.), *cert. granted*, 115 S. Ct. 571 (1994); *and First Options Of Chicago, Inc. v. Kaplan*, 19 F.3d 1503 (3rd Cir.), *cert. granted*, 115 S. Ct. 634 (1994). Granting a writ of *certiorari* to resolve the appropriate standard of review in trade infringement cases would similarly provide uniformity and resolve a marked division among the lower courts which impacts virtually every trade infringement case. For these reasons, and for the reasons stated in the petition, it is respectfully requested that a writ of *certiorari* issue to review the judgment of the Court of Appeals for the Second Circuit.

Respectfully submitted,

Alan Mansfield
Counsel of Record

Lile H. Deinard
Alan N. Sutin
David M. Elkins
Greenberg, Traurig, Hoffman,
Lipoff, Rosen & Quentel
Citicorp Center
153 E. 53rd St.
New York, New York 10022
(212) 801-9200
Counsel for Petitioner

William J. Bowe
Of Counsel

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